



Daily Report

East Asia

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Japan

U.S. Moves Up Auto Deadline to May From Sep

OW3103011995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Mar 95 Morning Edition p 1

[FBIS Translated Text] The U.S. Government had set the end of September as the deadline for slapping sanctions on Japan with regard to the negotiations on automobiles and auto parts being held under the Japan-U.S. economic framework talks. The sanctions are in accordance with the Super 301 provision of the 1988 Omnibus Trade Act. It has been learned that the U.S. Government has notified the Japanese Government of its plan to move up the deadline to early May. The U.S. Government, in the same notification, also expressed its intent to seek an agreement at the quadrilateral trade ministerial talks to be held in Canada 4-5 May, another indication that it has set early May as the new deadline for imposing sanctions on Japan. The Japanese Government opposes setting any deadline; great differences remain in the negotiations between Japan and the United States over such major topics as Japan's relaxation of regulations on replacement parts and Japan's increase of the number of car dealers who sell foreign automobiles. Japan does not plan to make any concessions to the United States even if the United States applies pressure with sanctions. The deadlock in the negotiations on automobiles and auto parts is expected to worsen economic relations between the two countries depending on future developments.

The U.S. Government gave the notification to the Japanese Government at a 16 March meeting between U.S. Trade Representative Mickey Kantor and Japanese Ambassador to Washington Kuriyama.

In late September, the U.S. Government launched a survey of Japanese replacement parts in accordance with the Super 301 provision of the 1988 Omnibus Trade Act. A decision to move up the deadline was made at an early March meeting of the National Economic Council (NEC). Representative Kantor appears to have made clear to the Japanese side that "the U.S. Government will decide on whether to slap sanctions on Japan in two months." The U.S. Government will enforce the sanctions within 20 days of completing an examination of the contents of the sanctions.

Yohei Kono, deputy prime minister and foreign minister, and International Trade and Industry Minister Hashimoto are likely to attend the quadrilateral trade ministerial talks for Japan, and U.S. Trade Representative Mickey Kantor will attend the talks for the United States. The United States plans to seek an agreement with Japan at the ministerial talks to be held between Kono, Hashimoto, and Kantor before deciding whether or not to impose sanctions on Japan because of pressure from the U.S. Congress. The U.S. Government feels strongly about an early conclusion of the negotiations on automobiles and auto parts, (says U.S. Commerce

Undersecretary Garten). The U.S. Government plans to use the move of the deadline as leverage for an early conclusion of negotiations.

Both Japan and the United States have agreed in principle that they will not negotiate under a threat of the super 301 provision. International Trade and Industry Minister Hashimoto has remarked: "If the United States imposes sanctions on Japan, we will take our case to the World Trade Organization (WTO)," and Japan has already put the United States on notice to that effect. Japan is not considering making new proposals and concessions to the United States even if the United States actually slaps sanctions on it. The Ministry of International Trade and Industry [MITI] objects to setting any deadline for concluding the negotiations, claiming: "If no deal is struck in the negotiations within the deadline, this would adversely affect the yen's exchange rate against the dollar."

Major topics of the negotiations on automobiles and auto parts are 1) Japan's increase in the number of car dealers who sell imported foreign cars; 2) Japan's measures to relax regulations on the use of replacement auto parts; and 3) Japan's expansion of opportunities for Japanese automakers to purchase American-made auto parts. At expert-level talks attended by division chief-level officials from the two countries, which were held in Tokyo 28-29 March, the U.S. side made new proposals for relaxing regulations on the use of replacement auto parts and increasing the number of car dealers. The Japanese side made a counterproposal on increasing the number of car-dealers. MITI says: "There are considerable differences between Japan and the United States over basic points. Both Japan and the United States have agreed to hold vice ministerial talks and expert-level talks in Washington in mid-April."

Final Draft of Deregulation Program Unveiled

Five-Year Program Reviewed

OW3103014095 Tokyo KYODO in English 0103 GMT 31 Mar 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Japan on Friday [31 March] unveiled a sweeping five-year program comprising 1,091 items for easing administrative rules and regulations in a bid to create an internationally open economy.

The final deregulation package, covering 11 areas such as distribution, housing and land use, transportation, and information and telecommunications, spells out a promise to decide on whether to allow western-style stockholding companies in three years' time.

It also vows to complete by the end of fiscal 1999 a review of the large-scale retail stores law, a major target

of criticism for obstructing the entry of foreign retailers into Japan through its restrictions on the opening of new stores.

The cabinet of Prime Minister Tomiichi Murayama approved the program Friday, the premier's deadline for hammering out a comprehensive deregulatory package.

The program, covering the five years to March 2000, aims to fulfill Japan's de facto international pledge to restructure the nation's economy through relaxation of bureaucratic rules and regulations, and ensure foreign businesses easier access to Japanese markets.

The final package proclaims the goal of its deregulatory measures as creating a liberal and internationally open economy "founded on the principles of self-responsibility and market principles."

Specifically, it promises to help narrow differentials in prices between home and overseas markets, expand domestic demand, promote imports and eventually slash Japan's mammoth trade surpluses with the United States and other major trading partners.

"We believe it will produce a tremendous amount of plus effects on a broad front once this deregulation plan is carried out," said an official of the Management and Coordination Agency.

However, the package is expected to draw broadsides from various quarters as there are very few fresh and substantial items in the deregulatory measures involved.

It also appears unlikely to have a short-term effect in arresting the yen's unabated strength against the U.S. dollar and other major currencies, a growing threat to Japan's recovery from the burst of its inflated "bubble" economy.

The highlight of the decontrol program is a reference to a ban on the establishment of holding companies, which are allowed in most other major industrialized countries. But it is not clear at all whether the ban will be lifted after a three-year period, as specified in the package.

In a vaguely worded promise, the plan says the government will "begin consideration of the issue of holding companies from the viewpoints of market liberalization and revitalizing business activities, and will reach a conclusion on the issue within three years."

While Foreign Minister and Deputy Prime Minister Yohei Kono portrayed the promise as a "half-step advance" toward removing the ban on holding companies, Management and Coordination Agency chief Tsuruo Yamaguchi snapped back that it will not lead to a repeal of the restriction.

"We are in no position to comment on whether or not it implies the lifting of the ban in the future," said the other agency official, who requested anonymity.

Article 9 of the antimonopoly law forbids the creation of holding companies, which primarily exist to control other firms through shareholdings, to prevent recurrence of the prewar "zaibatsu" business empires that exerted a powerful influence on Japan's economy and politics.

The Ministry of International Trade and Industry, backed by business groups, had urged the abolition of the 48-year-old ban to increase the competitive edge of Japanese enterprises.

On the other hand, the Fair Trade Commission (FTC), Japan's antitrust watchdog, had taken a cautious stand on the ground that such a move could strengthen "keiretsu"—groups of firms linked by webs of interlocking shareholdings.

The program states that any moves to lift the ban must take care not to "concentrate excessive corporate control" in keiretsu, which opponents say effectively locks out competition.

To secure fair competition in a freer economic society, the plan promises to build up the FTC's overall monitoring capability with a review of the body's mechanism and personnel.

The Management and Coordination Agency official said about 60 percent of the 1,091 listed items are to be deregulated by the end of fiscal 1995 and another 10 percent by the end of fiscal 1996.

The package does not include items up for negotiations with foreign countries, most notably the area of autos and auto parts on which Tokyo is striving to strike a deal with Washington.

It calls for a review of fresh regulations after a certain period, a revision every year of the five-year program in response to domestic and international requests, and the release of an annual white paper on deregulation.

The deregulatory measures listed for implementation do not include some 430 items despite demands from at home and abroad for deregulation. The government is scheduled to explain in April why those items were deemed impossible to deregulate.

Murayama Continues To Review

*OW3103021295 Tokyo KYODO in English 0207 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Prime Minister Tomiichi Murayama said Friday [31 March] he will keep reviewing the government's deregulation policies, following announcement earlier in the day of a five-year government project to ease various regulations.

Murayama made the remark at the day's session of the administrative reform promotion headquarters, where he praised the deregulation package as "an enriched project."

He said his government will steadily implement each of the deregulatory measures by continuously hearing both domestic and foreign opinions, as well as monitoring the results of the administrative reform committee.

Igarashi Hails Plan

*OW3103025795 Tokyo KYODO in English 0255 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—The adoption of a five-year deregulatory program is a "great advance" toward easing the nation's administrative rules and regulations, Chief Cabinet Secretary Kozo Igarashi said Friday [31 March].

"I think we have made sufficient achievements with cooperation of government ministries and agencies, and on the strength of the premier's strong leadership," the top government spokesman said at a news conference.

"I believe we have made a great advance in qualitative and quantitative terms, compared with previous" deregulatory steps, Igarashi said.

The cabinet of Prime Minister Tomiichi Murayama approved the plan covering 1,091 items in 11 areas Friday, the premier's deadline for thrashing out a sweeping decontrol package.

Igarashi vowed further efforts to push for administrative reform centering on deregulation, a review of government-funded companies and decentralization.

Kono Expects Foreign Support

*OW3103042395 Tokyo KYODO in English 0413 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Foreign Minister Yohei Kono expressed confidence Friday [31 March] that Japan's five-year deregulatory program unveiled earlier in the day will win a good evaluation from the international community.

Kono told a press conference he thinks the package could win international backing because Japan ensured transparency in compiling it and also specified the timing of the implementation of the easing of bureaucratic rules and regulations.

The final deregulation package, which comprises 1,091 items, was approved by the cabinet of Prime Minister Tomiichi Murayama earlier Friday, the deadline for hammering out a comprehensive deregulatory package.

As for items requested by some countries but that were excluded, Japan will announce as soon as possible the reasons it could not include them, Kono said.

The Foreign Ministry is to hold a briefing later in the afternoon to explain the package to foreign embassies and business groups.

Kono, who is also deputy prime minister, is expected to explain the deregulation program when he meets U.S. Ambassador to Japan Walter Mondale.

NFP: Plan 'Very Insufficient'

*OW3103075195 Tokyo KYODO in English 0739 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Japan's largest opposition party Shinshinto (New Frontier Party: NFP) on Friday [31 March] rapped a five-year government deregulation program as "very insufficient."

"It's very insufficient because it totally ignores 450 items described by each government ministry as difficult to deregulate in an interim report," Shinshinto policy-planning official Takeo Nishioka said in a statement.

Nishioka branded the 1,091 deregulation items contained in the deregulation program as "mostly slight," saying many are those already deregulated or slated to be deregulated and those related to procedures.

He also criticized the deregulation program for shelving a proposal to set up an independent organization to monitor progress in implementing the program.

Nishioka said the government should rewrite the program totally and consider legal measures to require deregulation proposals to be implemented.

Rengo Voices 'Dissatisfaction'

*OW3103072395 Tokyo KYODO in English 0708 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Japan's largest labor organization on Friday [31 March] voiced dissatisfaction with the government's five-year plan to ease administrative rules and regulations.

Etsuya Washio, secretary general of the Japanese Trade Union Confederation (Rengo), said the program adopted by Prime Minister Tomiichi Murayama's cabinet on Friday is unlikely to soothe trade frictions, foster new industries and create jobs.

He also said in a statement that the eight-million-member Rengo will call for improvement of social conditions for decontrol of economic regulations and tackling problems arising from planned deregulation.

Washio also urged the Murayama cabinet to swiftly establish a special deregulation panel that invites representatives of the private sector under the government's administrative reform headquarters.

The five-year decontrol plan comprises 1,091 items in 11 areas such as distribution, housing and land use, transportation, and information and telecommunications.

Keidanren Wants Expansion

*OW3103092195 Tokyo KYODO in English 0907 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—A leader of Japan's business community called Friday [31 March] for the government to steadily implement and expand its five-year deregulation package so as to "win popular support."

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren) told reporters that the package, which was unveiled earlier in the day, will be meaningless unless it produces results, but it will be supported by the public if the government adds new deregulation measures in its annual review.

While the package includes 211 of the 456 requests made by Keidanren, excluded items, such as those related to tariffs and governmental financing, could be implemented separately from the package, Toyoda said.

He praised the package for having a set schedule for decisions to be reached on the controversial issues of lifting a ban on the establishment of holding companies and reviewing the large-scale retail store law.

Toyoda also called for the Bank of Japan to cut its discount rate, saying that a wider difference between interest rates in Japan and the United States would be "better internationally."

Small Businesses Express 'Discontent'

*OW3103081595 Tokyo KYODO in English 0803 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—An industry association of small businesses expressed discontent with the government's five-year deregulation plan unveiled Friday [31 March], saying it would have "devastating effects" on smaller retailers.

Officials of the National Federation of Small Business Associations also said the government should not implement further deregulation measures until after carefully studying effects of the third-stage deregulation measures implemented in May 1994.

The package urged that the large-scale retail stores law, which imposes restrictions on the operations of such stores, be reviewed in fiscal 1999.

Officials of supermarket giants praised the package for setting a schedule for the review, adding it should focus on abolishing the law.

They said, however, plans should be worked out for nurturing small industries to soften the impact of deregulation.

Officials of the Federation of Economic Organizations (Keidanren) welcomed a proposal in the package for reviewing the ban on holding companies.

Major companies have been seeking the lifting of the ban to promote restructuring.

The ban was implemented after World War II as part of measures to break up the giant family-dominated financial and industrial combines known as "zaibatsu," which had controlled the Japanese economy.

Lifting the ban would make it possible for Japanese companies to set up subsidiaries for different business operations under the control of holding companies.

KYODO Reviews Reactions

*OW3103130095 Tokyo KYODO in English 1214 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Prime Minister Tomiichi Murayama on Friday [31 March] praised his government's fresh five-year deregulatory plan, but the long-awaited program drew disappointed responses both at home and abroad.

"We would like to see this further progress. So I would have to say that we're somewhat disappointed," U.S. Ambassador to Japan Walter Mondale told reporters after a meeting with Foreign Minister Yohei Kono on Japan's decontrol package.

"There are some things in there that are positive," he said. "But we believe in the principle that regulations should be an exception and not the rule, and we don't think it's there yet."

Leaders of Japan's major business groups expressed dissatisfaction with the package comprising 1,091 items in 11 areas such as distribution, housing and land use, transportation, and information and telecommunications.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), said the plan does not fully meet the demands of his association, adding "there is much room for improvement in the plan."

An industry association of small businesses also voiced discontent with the deregulatory program covering the five years to March 2000, saying it would have "devastating effects" on smaller retailers.

Officials of the National Federation of Small Business Associations also said the government should not implement further deregulation measures until after carefully studying the effects of the third-stage deregulation measures implemented in May 1994.

Although big businesses welcome a promised review of the large-scale retail stores law, small and medium-sized companies fear that relaxation of its restrictions on the opening of new stores will pose an enormous threat to them.

Etsuya Washio, secretary general of the Japanese Trade Union Confederation (Rengo), the nation's largest labor

organization, said the five-year plan is unlikely to smooth trade frictions, foster new industries or create jobs.

While the government praised itself for its decontrol package, the main opposition party Shinshinto (New Frontier Party) described the plan as "very insufficient."

"I believe we have made a great advance in qualitative and quantitative terms, compared with previous" deregulatory steps, said Kozo Igarashi, the top government spokesman.

But Takeo Nishioka, Shinshinto's policy-planning official, said "It's very insufficient because it totally ignores 450 items described by each government ministry as difficult to deregulate in an interim report" published earlier this month.

Murayama promised the government will steadily carry out each of the steps spelled out in the decontrol package by continuously listening to requests both at home and overseas.

Meanwhile, Kono, also deputy prime minister, expressed confidence that the deregulatory program will win a good evaluation from the international community, saying Tokyo ensured transparency in compiling it and specified the target dates for implementation of the listed items.

The deregulatory package does not include some 430 items despite demands for their relaxation. The government is scheduled to explain in April why those items were deemed impossible to deregulate.

Tokyo To Brief Foreign Groups on Deregulation

OW3003034095 Tokyo KYODO in English 0325 GMT 30 Mar 95

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Japan will hold a second round of briefings Friday [31 March] with foreign embassies and business groups on Japan's deregulation program, the Foreign Ministry said Thursday.

The briefings will be held at the Foreign Ministry with officials from 12 ministries and agencies explaining Japan's deregulation program to be approved by the cabinet on Friday, the ministry said.

Government agencies involved in the briefings include the Ministry of International Trade and Industry, the Finance Ministry, the Fair Trade Commission, the Transport Ministry and the Construction Ministry.

Irregularities Suspected in UX Fighter Choice

OW3003162695 Tokyo TOKYO SHIMBUN in Japanese 19 Mar 95 Morning Edition pp 10, 15

[Article by Shigeru Handa from the "News Follow Up" column: "A Look Into Allegations on UX Fighter Selection"]

[FBIS Translated Text] Various allegations made the rounds on the selection of the Air Self-Defense Force's [ASDF] selection of its new multipurpose support fighter (UX), and the whole process was characterized by lack of transparency.

For instance, the switch of members in the partnership of a trading firm and an aircraft maintenance company—allegedly at the order of the Air Staff Office—and the question of a candidate aircraft model's being chartered by upper house member Hideaki Tamura, a former ASDF officer, at a discount rate remain a mystery. The Defense Agency [DA], as expected, chose the U.S.-made Gulfstream IV as the ASDF's UX fighter, and appropriations to purchase the first two fighters of this model have been included in the defense budget for the new fiscal year.

Let us have a look at the allegations involving the UX, and examine the lingering questions before the budget is passed on 22 March.

With regard to aircraft purchased by the ASDF recently, the Airborne Warning and Control System (AWACS) planes seem to have attracted the greatest attention. However, apart from AWACS, four additional models, totalling more than 50 aircraft, were actually involved in this major aircraft business war.

An official in charge in a trading firm recalls: "All of them were military aircraft remodelled after business jets. After the end of the Cold War, orders for fighters from the DA have been on the decline, and even civilian aircraft are not selling well since the bubble economy collapsed. All of us were desperate to gather information; we paid daily visits to the Air Staff Office, which had the actual power of decision."

One Aircraft Costs 3 Billion Yen, Totalling 40 Billion Yen

The UX was the last chapter in the fierce business war.

The UX is to become the successor to the obsolete B-65 support fighters, and it is to be used in training support and airlift. One aircraft costs 3 billion yen, and the purchase of a total of nine fighters is being planned, costing more than 40 billion yen. Aside from the Gulfstream, the Falcon-900 (French) and the Challenger-601 (Canadian) were also possible choices. The usual procedure of trading firms forming partnerships with aircraft servicing companies to propose the purchase of their models to the DA was instituted.

However, the selection process, originally scheduled for early 1992, ran into a snag from the very beginning. The trading firm dealing in the Gulfstream, Okura and Company, Ltd. and the servicing company for the Falcon, Japan Aircraft Manufacturing Company, Ltd. formed a partnership to sell the Gulfstream to the DA. This was unheard of in the aircraft business.

A trading firm executive explains: "Since rumors had it that the (then) chief of the Logistics Department of the Air Staff Office was involved, the whole industry was in an uproar because it was said that 'The Gulfstream has already been chosen, and Japan Aircraft merely jumped on the winning bandwagon.' This also coincided with a shortage of funds to procure the AWACS, and it ultimately led to a postponement in selecting the UX model."

After the members of the aircraft-selling groups returned to their original partners in May 1994, the UX selection process started afresh. This time, questions concerning an aircraft charter made by upper house member Tamura, who was formerly the superintendent of the ASDF Cadet School, surfaced.

Dietmen Who Were Former ASDF Officers Flew on a Gulfstream at a Discount Rate

During the PKO (UN peacekeeping operations) survey mission to Mozambique in May 1994, Tamura and Liberal Democratic Party [LDP] upper house member Hidehisa Otsuji allegedly chartered a VIP version of the Gulfstream from the U.S. company Gulfstream Aerospace through Okura. The charter fee for commercial aircraft companies is at least 13 million yen, but Tamura said, "We paid 851,810 yen per head." He also argued that he "did not know" the Gulfstream was being offered as a UX choice.

According to a DA source, "Tamura presides over both the 'Enmoku-kai,' which groups senior ASDF officers and executives of the defense industry, and the 'Shinichi-kai,' which is an organization of young ASDF officers. The Logistics Department chief whose name was mentioned in the controversy over the change of partners in the aircraft-selling groups, and the department head of Okura who accompanied him on the Mozambique mission are both 'Enmoku-kai' members. It is common sense to think that Tamura has strong influence on the ASDF."

Furthermore, since Secretary Ichiro Ozawa of the New Frontier Party is known to be Tamura's patron, the same source claims that, "I have a strong feeling that a powerful force is moving behind the scenes."

While the LDP did play a leading role in the Diet interpellations on the UX selection, it had not yet split into a number of groups in 1992, when the UX selection process started, and Tamura was an LDP member. An aerospace industry source cited the name of a powerful LDP Diet member as being involved in the UX affair, and said, "If the LDP is really serious about investigating the UX affair, it would be suicidal."

Media Reports on Allegations; Cabinet Takes Over

Work to select a UX model, which began in May 1994, was moved from the DA to the cabinet after reports of allegations involving the UX appeared in the media. A decision was made in December 1994 at a meeting of

four cabinet members: the foreign minister, finance minister, chief cabinet secretary, and DA director general. The decisive factor in this decision was a "report" compiled by three experts, entitled "On the Assessment of Multipurpose Support Fighter Models," which was commissioned by the DA. The report concluded that the Gulfstream was the optimum model.

However, numerous questions were raised in the House of Councillors about the validity of the report. One of them was: Whether it was appropriate to make a comparison of the three candidate models' performance at takeoff under the single condition of "a 2,000-meter runway, air temperature of 35 degrees, and rainy weather."

The DA explained that, "This was assuming the harshest weather conditions at the Iruma Base in Saitama Prefecture; and the aircraft may also be used at the Naha base." However, this at once disqualified the Challenger, which requires a runway of 2,320 meters for takeoff. Comparing the two remaining models, the Gulfstream, which requires a shorter runway, therefore had an advantage.

However, according to the Tokorozawa Weather Station near Iruma, weather conditions of "a temperature over 35 degrees; rainy" occurred on only three days in the last five years. Comparing the Gulfstream and Falcon under different weather conditions, the Falcon is superior to the Gulfstream in takeoff performance on both dry and wet ground at air temperatures from 0 to 28 degrees. This fact was not written into the report.

Furthermore, if as the DA claimed, the UX is also to be used at the Naha base, Naha has a runway of 3,000 meters and, therefore, the Challenger would also qualify. Moreover, the overall cost of the Challenger is dramatically cheaper, and if all these other factors were considered, the result of the selection process would have been different.

Another questionable point in the report is that a comparison of the costs for inspection and repair as necessary (IRAN) shows that the Gulfstream requires IRAN only once every 72 months, while the Falcon, every 36 months—that is, there is a 100 percent difference. Based on this, it would have been obvious that the maintenance cost for the Gulfstream, which has a longer interval between servicings, would be much cheaper.

Unconvincing Explanation Offered by the DA

The DA explains that "this was based on the proposals from the companies." Sony Trading, which handed in the proposal for the Falcon says: "It was possible to perform IRAN every 72 months, but we made it every 36 months in line with the Self-Defense Forces' [SDF] maintenance system."

For sure, the IRAN interval for the SDF's fixed wing aircraft is a maximum of 36 months. Not a single aircraft has an IRAN interval of 72 months. While the DA claims that "the U.S. Forces' Gulfstreams undergo

IRAN every 72 months," why has the DA not converted the Falcon's IRAN interval to 72 months in the computation?

The same question can be raised for the interval of the engine's overhaul. The figures stand at every 7,000 hours for the Gulfstream and every 2,800 hours for the Falcon. Based on cost, the Gulfstream would naturally be more economical. However, in reality, the servicing intervals for the two models, which the Transport Ministry actually owns, are every 3,500 hours and every 4,200 hours, respectively—quite the opposite of the DA's figures. The DA's explanation that the significant difference in maintenance intervals is "due to the peculiarities of the engines" sounds very unconvincing.

The report concludes that the procurement of nine UX fighters to be used for a period of 20 years will entail a total cost of 43 billion yen in the case of the Gulfstream, or 1 billion yen cheaper than the Falcon. Therefore, based on the principle that "if all requirements are cleared, the rule is to buy the cheaper one," (according to a senior DA official) the Gulfstream was chosen.

However, as seen from the above discussion, while the cost for the Gulfstream in terms of IRAN and overhaul intervals was calculated based on the minimum required maintenance, that for the Falcon was calculated conservatively.

According to Sony Trading, if calculations for the Falcon are based on the minimum requirement, the Falcon would have been 1.8 billion yen cheaper.

Bureau of Defense Policy Director General "Confident About the Selection Process"

In response to questions on the above points from the LDP's Tetsuro Yano at the House of Councillors Budget Committee on 14 March, Naoaki Murata, director general of the DA's Bureau of Defense Policy, merely reiterated, "We are confident about our selection process."

It seems that this is all in the "tradition of intrigue" involving politicians and the DA every time an aircraft model is selected for the SDF, such as in the Lockheed affair and the Douglas Grumman scandal.

Murayama Again Asked To Resolve Base Issues

OW3003142895 Naha OKINAWA TIMES in Japanese 29 Mar 95 Morning Edition p 2

[FBIS Translated Text] Tokyo—Zenshun Arakaki and Satoru Nakasone, chairman and secretary general, respectively, of the Okinawa chapter of the Social Democratic Party of Japan [SDPJ], visited Prime Minister Tomiichi Murayama and Chief Cabinet Secretary Kozo Igarashi at the prime minister's official residence on 28 March to petition them for assistance in resolving the three pending U.S. military bases issues. The issues included the complete return of Naha Military Port, the

forced use of land belonging to landowners refusing to sign lease contracts for U.S. military bases, and the question of constructing the P3C communications facility on the occasion of the 50th anniversary of the end of World War II.

In response, Murayama said, "We will try to achieve as much progress as possible to meet the Okinawan people's expectations." He avoided commenting on the issue of forced use of land, but said "We understand Okinawa's position very well."

Aside from the three pending base issues, Arakaki expressed grave concern on the report entitled "Security Strategy for East Asia and the Pacific", issued by the United States in February. He complained that "the specific discrimination against Okinawa and forcing Okinawa to make sacrifices is clearly unconstitutional. On the occasion of the 50th anniversary of the end of the war, I demand that the Okinawan people's opinion be solicited, based on Article 95 of the Constitution."

Murayama replied, "We will consider this seriously." With regard to the base issues, he said, "What we need now are solutions, including those for postwar issues, based on a sound ideology. We will exert our utmost efforts."

Kono To Keep U.S., ROK 'Posted' on DPRK

OW3103045995 Tokyo KYODO in English 0455 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Foreign Minister Yohei Kono said Friday [31 March] Japan will keep the United States and South Korea posted on developments surrounding the possible resumption of normalization talks between Japan and North Korea.

In a meeting with U.S. Ambassador to Japan Walter Mondale, Kono explained the latest trip to Pyongyang by a Japanese delegation of the three ruling coalition parties, a Foreign Ministry official said.

Kono was quoted as saying the mission's visit paved the way for resuming the bilateral talks on normalizing ties.

He said Japan will seek to reopen the negotiations as soon as preparations on both sides are completed, while maintaining close contact with Washington and Seoul.

Mondale told Kono that Washington wants to keep close contact on the issue along with South Korea, the official said.

The Japanese mission returned to Tokyo on Thursday after a three-day visit to Pyongyang, in which it agreed with Workers Party of Korea to work to resume the intergovernmental negotiations, which have been deadlocked since November 1992.

Further on Coalition Mission's Visit to DPRK**Kono Welcomes Accord**

*OW3003144695 Tokyo KYODO in English 1425 GMT
30 Mar 95*

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Foreign Minister Yohei Kono welcomed Thursday [30 March] night an accord between the ruling parties of Japan and North Korea on resuming bilateral talks to normalize diplomatic relations and said he wants them to start as soon as possible.

"The Japanese Government intends to resume the negotiations as soon as preparations on both sides are completed," Kono told a press conference at the Foreign Ministry a few hours after a Japanese delegation from the three coalition parties returned from Pyongyang.

Kono declined to predict whether the talks could resume as early as April, merely saying they will resume "when convenient" for both Japan and North Korea.

He said, however, it is necessary for the Japanese Government to sort out some things before resuming the intergovernmental talks.

The accord signed by the Workers Party of Korea (WPK) and Japan's three ruling parties—the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] and the New Party Sakigake [Harbinger]—calls for settling the "unfortunate past" between the two sides and making efforts to resume intergovernmental talks as soon as possible "without any preconditions."

Kono, who also heads the LDP, refused to comment on the contents but praised the document itself for creating a "chance" to restart the deadlocked bilateral talks.

Negotiations to normalize relations between Tokyo and Pyongyang collapsed after eight rounds in November 1992 when the North Korean delegation stormed out of the talks in protest at Japan's request for information on a Japanese woman allegedly abducted by North Korea.

The woman, known as Li Un Hye, is believed to have trained a self-confessed North Korean female terrorist, Kim Hyong-hui, who was convicted in South Korea of blowing up a Korean Air jet in 1987.

Asked whether Japan will drop its request for information on the Japanese woman in the new round of talks, Kono said that because the document signed by the ruling parties of both sides agreed to resume the negotiations "without preconditions," Tokyo and Pyongyang can discuss "all issues."

"Japan will bring up issues it has an interest in at the negotiating table," he said.

A top ministry official said the government will now begin discussions on negotiation strategy, including a possible agenda for the talks.

Watanabe Holds News Conference

*OW3003143895 Tokyo KYODO in English 1418 GMT
30 Mar 95*

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Japan and North Korea are now able to resume negotiations "without preconditions" on the resumption of bilateral talks to normalize diplomatic relations, the head of Japan's ruling coalition delegation to Pyongyang said Thursday [30 March].

Former Foreign Minister Michio Watanabe made the remarks during a press conference at Tokyo's Haneda Airport where he and the other delegation members from Japan's three-party ruling coalition arrived in the evening after a three-day visit to North Korea.

Watanabe, a senior member of the Liberal Democratic Party (LDP), nevertheless added that Thursday's agreement between the delegation and North Korea's ruling Workers Party of Korea (WPK) that calls for the resumption of the talks will not bind the governments' diplomatic rights.

After the media meeting, the delegation met the coalition parties' leaders, including Prime Minister Tomiichi Murayama, to report on their visit.

Murayama told the mission members that he hopes to study the resumption of negotiations with Pyongyang, government officials said.

Earlier in the day, the delegation and the WPK signed a statement in Pyongyang on mutual agreement that will pave the way for resuming normalization talks as early as April.

In the draft document, both sides advocate making efforts to realize early normalization by resolving the "unhappy past" and calling on the two governments to start negotiations "without preconditions."

The contents of the document, however, remain ambiguous on how to resolve the problems that stalled the normalization talks in November 1992, so intergovernmental talks, if started, are likely to face a rough ride.

During Thursday's press conference, Watanabe said the document did not mention specific problems and left them to be discussed between the governments.

Such problems include how to incorporate a 1990 joint North Korea-Japan declaration into the document as well as Japan's concern over North Korea's nuclear power program.

In an effort to normalize bilateral relations, the WPK and two Japanese political parties—the LDP and the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] currently headed by the premier—issued the joint declaration in 1990.

Former North Korean President Kim Il-song, who died last summer, had said he wanted to promote the bilateral talks based on the declaration.

The 1990 declaration called on Tokyo to compensate North Korea for Japan's 1910-1945 colonial rule over the Korean peninsula and for "postwar damages."

Some LDP hard-liners now regard the "postwar damages" as unacceptable, but the Japanese delegation did not succeed in suspending the description.

Thursday's document just said the WPK and the two Japanese parties adopted the 1990 declaration and that the two nations then held normalization talks.

The draft document also says the two countries "will negotiate from independent and original standpoints," a phrase North Korea called for with the aim of preventing Japan from putting suspicions about Pyongyang's nuclear program on the negotiating table.

With regard to another problem that collapsed the talks—Japan's request for information on a Japanese woman allegedly abducted to train a self-confessed North Korean female terrorist—the document leaves room for Pyongyang to insist the issue should not be brought up in the next talks by using the phrase "without preconditions."

Watanabe also said mission members did not speak during talks with Pyongyang officials as to whether Japan will help North Korea by providing rice. The day before the mission left for Pyongyang, Watanabe and several other delegation members said they may consider offering rice to North Korea if Pyongyang makes such a request during their visit.

In addition to the LDP and the SDP, the Japanese delegation this time comprised the other tripartite coalition partner New Party Sakigake [Harbinger].

New Framework Talks Proposed

*OW3103120695 Tokyo KYODO in English 1149 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—North Korea, apparently aiming to circumvent disputes over a missing Japanese woman and its suspected nuclear program, has proposed a new framework for talks on opening diplomatic ties with Japan, a Foreign Ministry source said Friday [31 March].

The proposal came at an informal meeting between a senior Japanese diplomat and an aide to Kim Yong-sun, secretary of the Workers Party of Korea, in Singapore in mid-February, the source said.

The source said the new proposal is apparently designed to separate normalization talks from the dispute over a Japanese woman allegedly abducted by North Korean agents and the suspected North Korean nuclear weapon program.

Japan and North Korea began normalization talks in January 1991, but they broke down in November 1992 when Pyongyang rejected Tokyo's demand for information about the Japanese woman.

Self-confessed North Korean agent Kim Hyon-hui has said she was taught the Japanese language by the Japanese woman whose Korean name is Li Un-hye. Kim said she was told by the Japanese woman that she had been kidnapped by the North in 1978.

Tokyo and Pyongyang are expected to resume normalization talks as early as April following an agreement between Japan's ruling coalition and the North Korean Party urging both governments to resume normalization talks soon.

Japan can be flexible in the dispute over the missing Japanese woman, but it is "difficult to separate the nuclear issue," the source said.

A senior Foreign Ministry official has said resolving the nuclear issue is a prerequisite for normalizing diplomatic ties between the two countries.

Mission Planned to ROK Following DPRK Trip

*OW3103125795 Tokyo KYODO in English 1216 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Japan's ruling coalition formally decided Friday [31 March] to send a mission to Seoul next week to brief South Korean officials on a recent visit by a coalition delegation to the North, coalition officials said.

During its two-day visit from Sunday, the six-member mission will meet South Korean Premier Yi Hong-ku, Foreign Minister Kong No-myong and other South Korean leaders to brief them on an agreement between the Japanese and North Korean ruling parties urging governments of their two countries to resume normalization talks soon, they said.

The mission will be led by Keizo Obuchi, vice president of the Liberal Democratic Party and vice chairman of the Japan-(South) Korea Parliamentarians League, they said.

The LDP had initially planned to send a mission of its own to South Korea but dropped the initial plan in order to appeal to its two coalition partners, the Social Democratic Party and New Party Sakigake [Harbinger], to join it, they said.

The six Seoul mission members include two lawmakers who visited North Korea as part of the coalition mission earlier this week, they said.

EU Demands Further Deregulatory Measures

OW3103002295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Mar 95 Morning Edition p 7

[FBIS Translated Text] In an interview with a NIHON KEIZAI SHIMBUN reporter, Ambassador of the European Union [EU] to Japan Yorun Keck [name as published] indicated that the EU would ask the Japanese

Government to further relax regulations on medical equipment and other items in which it is interested. Pointing out that if only regulations in specific fields are relaxed, this could benefit American and Japanese enterprises, leaving European enterprises out in the cold, he said: "I hope that the Japanese Government will make clear when and how it plans to relax all the regulations."

Last June, the EU made a 160-point deregulation request to the Japanese Government. Of the interim report released by the Japanese Government, the EU accepted 39-point deregulation. The EU envoy said, "Given the unclear process of relaxing the regulations, I cannot help expressing my disappointment with the whole deregulation plans."

Tokyo, EU To Agree on Auto Export Ceiling Hike
OW3103010095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Mar 95 Morning Edition p 5

[FBIS Translated Text] The Japanese Government and the European Union (EU) are expected to reach an agreement on expanding the ceiling on Japan's automobile exports to the EU market at negotiations on auto issues to be held in Tokyo on 30-31 March. Since three European nations, including Finland, newly joined the EU, Japan will monitor the number of autos to be exported to those three nations. In addition, the ceiling on Japan's auto exports for 1995 will be increased from 993,000 to about 1.1 million units.

The system of monitoring the number of Japan's auto exports to the EU market was introduced in 1991 under the pretext that Japan checks the exports itself. At present, the EU monitors the number of Japanese auto imports, and among the EU members, France, Italy, Spain, and Portugal set their own limits. In this way, Japan's export has been virtually controlled under a self-restraint policy.

Japan's exports to Sweden, Finland, and Austria will be newly monitored. In 1994 Japan exported about 100,000 units to those three nations: A little less than 60,000 to Austria; and about 20,000 to Finland and Sweden respectively. It is observed that if the agreement is reached on setting the new quota around 1.1 million units, the impact of the new quota on Japanese automakers will be very small.

At negotiations held in February the Japanese side asked EU nations to increase the allowable number of auto imports in 1995, but the EU rejected the request and stressed that Japan's quota for 1995 should be decreased on the grounds that Japan's actual exports are smaller than the ceiling, and the talks broke off.

Takemura on German Key Rate Cut, BOJ Actions
OW3103030795 Tokyo KYODO in English 0259 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Finance Minister Masayoshi Takemura said Friday [31

March] he views the cut in Germany's key lending rate as "favorable" for the currency market.

But he added the reduction is unlikely to have "big impact" on yen-dollar exchange rates.

Takemura then indicated the need for the Bank of Japan (BOJ) to cut its discount rate further.

"As I said recently, I hope the BOJ will steer its credit policy flexibly while closely monitoring economic trends both at home and abroad," Takemura told a news conference.

The German Bundesbank reduced its official discount rate by 0.5 percentage point to 4 percent Thursday.

Takemura's comments were aired amid a growing call among Japan's industrial sectors for the central bank to ease its grip further as a way to turn around the yen's recent surges against the dollar.

Newspapers forecast the central bank will move to lower the key rate from 1.75 percent, already an all-time low, next week.

Takemura said he thinks the German rate cut is in line with the Bundesbank's judgment that inflationary pressure has eased due to the strong mark.

Germany also appears to be giving priority to improving ties with other European countries on the currency front, he said.

Takemura said the German rate cut is being taken "favorably" in the currency market.

He acknowledged the cut has helped push the yen's value against the dollar slightly lower.

"But that does not mean that yen rates are being affected directly and significantly," he said, noting other factors stemming from the ending of fiscal 1994 may be involved. Japan's fiscal year ends March 31.

Earlier this week, Takemura issued a statement on the Finance Ministry's short-term fiscal and monetary policy that calls for a reduction in the central bank's discount rate, charged on loans to commercial banks.

"What to do with the discount rate is a matter to be handled exclusively by the BOJ. But I hope the BOJ is taking its credit policy flexibly and my understanding is that the bank is maintaining the policy."

Takemura said he does not observe a discrepancy of views existing over monetary policy between the Finance Ministry and the Bank of Japan.

"But it is not true to say our policy is completely in conformity with that of the BOJ," Takemura added, apparently expressing dissatisfaction over what he views as the central bank's slowness in taking action.

"I will watch the BOJ's moves closely," he said.

Komura 'Gravely Concerned' About Yen Surge

*OW3103031095 Tokyo KYODO in English 0256 GMT
31 Mar 95*

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Japan's chief economic planner expressed serious concern Friday [31 March] over the effects on the economy of the yen's recent appreciation.

"Factors warranting serious concern have become conspicuous. I am gravely concerned about it," Masahiko Komura, director general of the Economic Planning Agency, told a news conference after the day's regular cabinet session.

Komura called for carrying out public works projects as scheduled, referring to a government decision to give priority to reconstruction of the earthquake-devastated Kobe area in western Japan.

The government has announced a decision to set aside about 5 percent of funds earmarked for public works projects in fiscal 1995 for reconstruction of the Kobe area.

Dollar Fall Augurs New Currency Structure

*OW3103051695 Tokyo SHUKAN DAIYAMONDO in
Japanese 18 Mar 95 pp 12-14*

[Article by Ethos Investment Consultants strategist Takamitsu Sasaki: "Sudden, Ultra-High Yen Accelerates Conversion to New Currency Structure"]

[FBIS Translated Text] It has reached the point where the dollar is now in the 80 yen [Y] range. There is a significant trend of the times—an "escape to quality"—in the background of the current chaos in the foreign exchange market. Led by capital flow back to Japan, the world's largest creditor country, world capital is making a massive move to safe currencies: The yen, mark, Swiss franc, and gold.

The sudden shift by Mexico to a floating system late last year shook people responsible for the world's financial sector. There was the premise that the exchange rate for the U.S. dollar to the Mexican peso was fixed, and there was no exchange rate risk. Based on this premise, everyone was providing financing and making securities investments and direct investments.

No longer able to withstand the rapid decrease of its foreign currency reserves, however, the peso suddenly started falling, and this led to the shift to a floating system. Ultimately, the peso lost value against the U.S. dollar—by 50 percent since mid-December. As a result, the Mexican Government could not raise repayment funds for the short-term national bonds it had sold, which were to mature in several months. So the Mexican Government asked the world for capital assistance, along with capital intervention to stabilize the exchange. Because their own countries' monetary systems would fail if Mexico defaulted on its obligations, the U.S.

Federal Reserve Bank [FRB] and Bank of Japan decided, between the end of last year and beginning of this year, to provide capital assistance totaling Y1.8 trillion.

But the situation has become even more serious since then. Mexican stock prices have fallen heavily, and that drop has reached Brazil. The heavy fall in the Brazilian market, where the profit rate was highest, surprised people. Furthermore, the aftermath has affected one country after another in Central and South America, Venezuela for example. A situation similar to the Central American credit crisis during the 1980's, or an even more serious one, suddenly developed in the two weeks just before the old year ended and the new year began. This was a repetition of past mistakes.

This time, private investors in the United States had invested a large quantity of capital through investment trusts. This is a different situation from the 1980's, when governments in Latin American countries applied pressure to a group of private banks and governments of advanced countries to defer their obligations. The "deferment" does not apply to capital raised by individuals in the securities market.

The chaos has not been confined to Latin America but is affecting developing countries and deficit-ridden developed countries worldwide. The monetary system, in which the dollar is the key currency and which has lasted for the 50 years since the war, is about to fall completely.

The United States Reminds One of the End of the Roman Empire

A fixed rate system, with the "gold-backed dollar" as the key currency, was established at the Bretton Woods Conference in 1944. But it crumbled in 1971, and has since shifted to a floating rate system. Since that day, in principle, the dollar should have been significant simply as a convenient international settlement currency.

But the dollar, backed by the overwhelming economic and military power of the United States, continued to be used as the standard currency by every country, and many countries also adopted a semi-fixed rate system that kept the floating range within limits. But the United States, whose fiscal deficit has risen since the 1970's and which fell into becoming a trade deficit country by 1971, has seen its position as the key currency country decisively reduced since becoming a debtor nation in 1987.

We should interpret the current high yen/high mark and chaos of European currencies as a situation in which the market is groping for the next international currency system. Or we could say that the true nature of the "system of the illusionary dollar as the key currency," which has lasted since 1971, has finally been revealed. The dollar, which was exalted during the post-World War II Cold War structure, is being exposed by the cruel principles of capitalism. That is to say, the dollar, which the United States spread all over the world in the 50 years since the end of World War II, has nowhere to go and is wandering around.

For 25 years after the War, the United States continued to have a trade surplus and provided an enormous amount of aid overseas for reconstruction and maintenance of the Western camp. Developing countries sought dollars to obtain American goods, increased savings, and pushed up the amount of world trade to an astronomical figure. But the trend changed in 1971.

The decline of its national prestige and deterioration of its balance of international payments drove the United States to protectionism. Finally, the United States itself condemned the fixed rate system. The wide spread of the dollar since 1971 has resulted, naturally, in the rapid decline in its value.

The United States, which kept printing currency as it was demanded, reminds us of the last days of the Roman Empire, when it kept minting bad money in order to purchase luxury goods. Because of its purchase of spices, jewels, and cotton fabric from India, and raw silk and silk fabric from China, the value of Rome's currency slipped by half in 350 years.

The United States, which compensates for its diminished savings rate with borrowed money, for 25 years extolled a world where everything was settled in dollars. The Clinton administration recently voted down a balanced budget amendment bill. The Christian disposition in the United States is very strong.

The Switch Over to a Dollar, Yen, and Mark Structure in Several Years

There is a reason for the United States' reluctance to intervene in dealing with the current exchange rate.

First, the effective exchange of the dollar, weighted in the amount of money in trade volume, has not changed much. That is because against Mexico and Canada, which occupy one third of U.S. trade, the dollar is strong.

Second, the stock and securities markets have not yet felt the effect of the cheaper dollar on a large scale. Rather, because it was interpreted as advantageous for export enterprises, the stock market has even acquired a bullish tone.

Third, there is strong opposition on Capitol Hill and among the public to supporting Mexico. Therefore, they could not possibly use American money to intervene on the yen and mark, the influence of which the public does not understand very well. Such is the sentiment. In other words, Mexico is all the United States can handle.

The next target for the United States, which completed its negotiations with China on the protection of intellectual property rights, is opening the Japanese market. It also wants to keep its bargaining power.

As for the European countries, the high mark is desirable for Germany, which is facing demands for a wage hike from Metallgesellschaft AG. It also has had the advantage of offsetting the cost of higher raw material imports

since last year. Aside from Germany, other countries can only defend their own currencies, so they have been passive on cooperative intervention on the yen. In the end, there is little hope for serious intervention until a full-scale "dollar crisis" occurs, and once it does, it will no longer be stoppable through intervention.

The cheap dollar/chaos of the European currencies is the real beginning of the "dollar crisis," and the start of the fall of the post-war currency structure. This is merely one phase of a process that will take several years, and ultimately the currency structure will split into three blocs: The dollar, yen, and mark.

But the dollar bloc in the future will be quite weak because the maintenance of the Latin American countries' financial system will no longer be possible, and the United States will feel the effects directly. The other day, an Argentine enterprise defaulted; under a situation in which short-term interest rates go up as high as 90 percent, further bank/enterprise bankruptcies will occur.

Brazil took the initiative and announced the devaluation of its currency in two stages. But imports since last November exceeded exports for the first time in eight years, and success similar to that attained by Chile in the 1980's will be difficult to achieve. Furthermore, the devaluation by Brazil will result in a decrease in Argentine competitiveness and the two countries will fall together. As predicted, the Mexican peso has fallen again and, once again, reached its lowest price. The Mexican ruling party (PRI), which has been in power for 65 years, has already been corrupted, and in the provinces opposition parties are taking power.

The guilt of the United States, which impatiently promoted free trade for its own sake without introducing democracy, is significant. According to TIME magazine, the average Mexican is poorer than he was in 1980, and purchasing power has declined to the 1976 level in the last two months, when the crisis occurred.

Emergency financing for Latin America led by the IMF will be provided sooner or later, but the recession will be severe and U.S. exports will decline and it will be a "hard landing."

As for Europe, which is on the way to economic recovery, its economic conditions will rapidly lose speed because of apprehension about inflation brought on by cheap currencies and interest rate hikes. The devaluation by Spain and Portugal triggered the devaluation of other countries' currencies, and the ERM [Exchange Rate Mechanism] will collapse. German exports will fall and political uncertainty in each country will bring about further chaos. **It Will Be Y70 To \$1.00 by June**

Everything started when the United States tightened credit in February last year.

For the past five years or so, Americans have been making large diversified overseas investments, which had become available due to the slackening of the money

market. That money, however, was in turn pulled out when credit was tightened. To begin with, in the United States, diversified overseas investment is not as common as in Europe, and diversified investment in the huge domestic market was active. But the small number of investors who invested overseas during the 1980's, in the era of the stable dollar, made a tremendous profit. The word got around, and everyone rushed to make diversified overseas investments.

But these investors were ignorant of "country risks" when they provided credit; and, this investment was in securities, which are easy to get out of quickly. So when raising funds became difficult at home when credit was tightened, they took capital out and, as a consequence, destroyed the economy of the other country and, at the same time, ended up hurting themselves as well.

The world money market has started moving as we forecast. The U.S. currency crisis, which has the uncertainty of other dollar-linked currencies, makes interest rate hikes unavoidable. The crash of the securities/stock market is also approaching. Buy orders are coming in little by little for the last currency market—gold—and the future index of interest, the Dow-Jones public stock index, is also tapering off. The German mark and Swiss frank keep renewing at the highest price.

According to the "Ethos General Index" (page 13), which our company developed, one can confirm that the yen-dollar rate has again come into a full-scale high yen trend since last January. According to this index, the rate will be in the mid-Y80's by next month and will enter into the Y70's by June.

High Yen, New Labor-Employer Ties Discussed

OW3003010795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Mar 95 Morning Edition p 2

[Editorial: "Review the Wage and Employment System To Deal with the Strong Yen Situation"]

[FBIS Translated Text] It has become likely that the fruit of this year's spring labor offensive will turn out to be the poorest ever. That is because the pay raise rate for the metal industry, which includes automobile production, electric equipment production, steel refining, and ship-building, will drop to the 2.5-2.9 percent level this year from last year's 3 percent level. Asserting that the economy has gone into a recovery process, the labor unions had asked for a higher wage raise than last year's raise (3.1 percent/9,018 yen for the major companies surveyed by the Labor Ministry), but the unexpected Hanshin earthquake and the sudden surge of the yen to 80 yen per dollar ended up bringing down the pay raise level.

It has become a routine annual event for employers and employees to confront each other on the question of a pay raise, but the gap in the two sides' positions was particularly great this year. The Japan Confederation of Trade Unions [Rengo] called for a 14,000 yen (5 percent) raise on the grounds that the economy is on a slow

recovery curve. But the Japan Federation of Employers' Associations [Nikkeiren] rejected it, saying: "The level of current account profits is low, and there is no room for a uniform wage raise."

Rengo's strategy for the shunto collapsed because of the big earthquake and the yen's surge. A good indicator of this was Nippon Telegraph and Telephone's (NTT) announcement on the evening of 3 March that it would raise its wages by "2.8 percent; 9,300 yen"—the lowest raise since the company's privatization in 1985. The agreement within the NTT on the grounds of the need to give greater priority to restoring facilities in the earthquake-hit areas was something Rengo had not expected. To make matters worse, the surging yen problem came on top of that, and the trend of "raising both the amount and the rate at lower levels than last year" took root.

As far as employment conditions are concerned, there are signs of improvement, but ongoing corporate restructuring efforts have had an impact on wages as well. In the steel industry, which is pushing restructuring programs consisting mostly of personnel reductions, top labor union officials last September suggested accepting conditions as an emergency situation and forgoing the demand for a basic pay raise. The labor unions had asked for a basic pay raise, but all they could get was an agreement to give regular step-up promotions. In other words, this means employers who insisted that there should be no raise in the basic pay at last year's shunto succeeded in getting their way this year.

Under the weight of the strong yen, companies are losing their competitiveness, and more and more of them are moving their production bases overseas. Securing jobs is not easy, either. As far as export-related businesses are concerned, unless the yen drops substantially, it will not be easy to raise Japan's wages, which are already at the highest level internationally. A Japan Chamber of Commerce official is reported to have said: "Wages probably cannot go up hereafter." The possibility that he was right is not small.

Shortly before the shunto began this year, a representative of the employers at the labor-employer talks of one industry made important proposals, the main points of which were: 1) Assume that the national economy will grow at a low rate of 1 to 2 percent; 2) Companies will be compelled to restructure themselves, improve their competitiveness, and create new areas of business to enter, and it will become imperative that they revise their employment and wage systems; and 3) The revised wage system needs to be one that reflects economic conditions, and varying degrees of performance should be recognized by bonus amounts.

According to labor union officials, a pay raise by regular step-up promotion in the case of 1) above would mean a pay raise of 1 to 2 percent. If that is the case, it would mean that even the 2-percent raise by step-up promotion would not be easy. There is no guarantee that subsequent shuntos will not end up being "a fight for regular step-up promotion."

This shunto took place at a time when industries are being restructured and employment and wage systems are being reviewed. It was indeed a shunto during a time of transition. Commodity prices may be stable, but there are possibilities that working atmospheres and conditions will change hereafter. Given this situation, each individual will need to improve his professional capabilities, but it is also a time that labor unions and employers need to get together to discuss the new employment and wage systems. We hope they will come to establish a new labor-employer relationship that can overcome the severe yen problem.

Kono Urges Separation of ODA, Export Items

OW3103020495 Tokyo KYODO in English 0148 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Foreign Minister Yohei Kono said Friday [31 March] Japan's Official Development Assistance (ODA) should be distinctly classified from the government's export-support activities.

Kono made the comment at a regular cabinet meeting, referring to the government's recent decision to integrate the Export-Import Bank of Japan into the Overseas Economic Cooperation Fund.

He said the government should distinguish between financial and practical assistance for foreign nations and providing various commercial loans overseas. "We have to make clear criteria to avoid confusion of ODA with non-ODA."

Concerning the operation of the newly integrated body, Kono said the state-run corporation should contribute to the world development with high mobility and efficiency while keeping in line with the government's diplomatic policy line.

He also said the new corporation should fully discuss with the foreign ministry untied loans to foreign countries.

Untied loans are not required recipients to buy Japanese-made goods and services.

BOJ Said To Cut Official Discount Rate

OW2903142595 Tokyo SANKEI SHIMBUN in Japanese 28 Mar 95 Morning Edition p 1

[FBIS Translated Text] On 27 March, the government and the Bank of Japan [BOJ] firmed up their policy of lowering the official discount rate (which is currently set at 1.75 percent per year) as early as the beginning of April. Although coordination over a reduction rate is yet to be made for setting it at around 0.5 percent, the foreign exchange market is already responding to the decision and the discount rate may be reduced by 0.75 percent if circumstances require. The previous discount rate cut was made in September of 1993 and the forthcoming cut will be the 8th reduction of the official discount rate since July of 1993, when Japan entered a

phase of easing financial regulations. This is a decision made following the Finance Minister Masayoshi's 27 March announcement of the "short-term monetary policy" which called for a cut in the official discount rate. It is also aimed at wiping off the negative impacts of the great Hanshin earthquake and the strong yen on the Japanese economy. Because of the decision, the official discount rate will renew the lowest rate in history and Japan will enter a new era of unprecedented super low interest rates.

The BOJ will reduce the official discount rate for the 8th time because there is concern that the strong yen, which has already renewed the postwar highest rate in major international money markets, will cause worldwide currency disturbances unless something is done about it. In addition, the government and the BOJ came to a conclusion that sluggish investment in plant and equipment and low consumer buying may slow down Japan's economic recovery in the wake of the yen's rapid appreciation. It is also true that the government and the BOJ made the decision against the background of a growing uncertainty about the future due to the great Hanshin earthquake and worsening corporate profit.

Since the "short-term monetary policy," which Finance Minister Takemura announced on 27 March, clearly states that the government will "take mobile [kidoteki] and flexible actions" regarding the public discount rate, the BOJ will make a decision on reducing the rate soon.

By lowering the discount rate, the government and the BOJ will ease corporations' interest rate burden and support their earnings. At the same time, the BOJ wants to give an impetus to economic recovery by compiling the first supplementary fiscal 1995 budget, in which measures to deal with the strong yen and expenses for quake rehabilitation and reconstruction will be incorporated. Since a meeting of the seven industrialized nations' (G-7) finance ministers and central bank presidents is scheduled to be held on 25 April, the BOJ also aims to avoid criticism against Japan by showing a concrete stance to the United States—which is asking Japan to expand domestic demand and to map out measures to revise the trade imbalance—and other countries.

The final decision on the timing and extent of the cut will be made by taking into consideration recent economic indicators such as industrial production, which will be announced on 30 March. It is likely that the official discount rate will be reduced by 0.5 percentage points.

Hashimoto Seeks Rate Cut

OW3103031495 Tokyo KYODO in English 0304 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—International Trade and Industry Minister Ryutaro Hashimoto on Friday [31 March] indicated a desire to see the Bank of Japan cut the official discount rate.

Hashimoto dropped the hint at a news conference in commenting on the German Bundesbank's decision Thursday to reduce the official discount rate by a half percentage point to 4.0 percent per annum.

"The German interest rate cut had the effects of depreciating the yen's value somewhat, but I would feel sorry if the German move remained an isolated action," he said.

"I believe the Bank of Japan is weighing the most appropriate timing, so I will refrain from making a comment on what direction the official discount rate will head for," he said.

Asked about a proposal in the government's five-year action plan on deregulation to review the ban on holding companies, he defended a clause in the report saying it may take three years to reach a final decision on the issue.

"Although it may be impossible to abolish the current ban on holding companies, my appraisal is that the government will move to alter the regulation and then implement the change in the last two years of the five-year program" on deregulation, he said.

NFP Calls for Cut

OW2803125195 Tokyo KYODO in English 1103 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—Japan's largest opposition party on Tuesday [28 March] called for slashing the Bank of Japan's [BOJ's] official discount rate by 0.75 percentage point to 1 percent flat as a way to stem the yen's record-shattering advance against the U.S. Dollar.

Shinshinto (New Frontier Party: NFP) made the appeal on condition that coordinated action be taken by the United States and Germany to halt the yen's surge.

"There will be no effect unless the rate cut is implemented in coordination with the United States and Germany," said Takeo Nishioka, a Shinshinto official in charge of policy planning.

Shinshinto also urged the government to draft an extra budget of some 10 trillion yen to implement a range of measures to help shore up the economy and to finance reconstruction work in Kobe and surrounding areas devastated by the Jan. 17 earthquake.

Among measures proposed are preferential taxation for small and medium-sized companies hit hard by the yen's sharp appreciation, a cut in capital gains on long-term land holdings and abolition of the tax on securities transactions.

MOF Criticized for Maintaining Financial Balance

OW3003055395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Mar 95 Morning Edition p 2

[FBIS Translated Text] To support Osaka gubernatorial election campaigning, Foreign Minister Yohei Kono,

who concurrently serves as vice prime minister, gave speeches on street corners in Osaka on 26 March. Concerning measures taken to deal with the yen's drastic appreciation, Kono said: "We must promptly tackle such issues as promotion of deregulation and review of economic policies." Then, he added: "Among the industrialized nations, Japan has achieved low economic growth. Is it desirable for Japan to stick to the principle of maintaining financial balance indefinitely?" Thus, while criticizing the Finance Ministry for taking negative stance on launching new financial moves under the pretext of difficulty in securing financial sources, Foreign Minister Kono also appealed for the need to compile a positive supplementary budget to further promote economic recovery.

BOJ Leads With Lower Short-Term Rates

OW3103045495 Tokyo KYODO in English 0435 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—The Bank of Japan (BOJ) announced Friday [31 March] it started the day by driving short-term money market rates substantially lower in a move to prop up the nation's economy which it said remains on a path to recovery but at a slower pace.

Yutaka Yamaguchi, director of the central bank's Policy Planning Department, said at a press conference, "In these circumstances, we have judged it appropriate to guide short-term rates to lower ground."

As the background of the decision, Yamaguchi cited a slower-than-expected pace of economic recovery and some surfacing fears of a setback.

"It is unusual for us to publicly explain our monetary policy, but we have concluded it is necessary to clarify our views and the purpose of the measure to pull rates considerably lower amid differing opinions on the recent economic and monetary situation at home and abroad," Yamaguchi said.

Yamaguchi declined to comment, however, on whether the step is intended to pave the way for a cut in the central bank's official discount rate, saying, "This is all we have decided at this moment."

Considering the BOJ's judgment that Japan's economy is recovering but at a more moderate tempo, the decision was "the best choice," Yamaguchi said.

Yamaguchi also denied that the action followed suit after Thursday's cut in the German rate.

"We have no plan for international cooperation in interest rate policy," he said, "Each nation selects an appropriate policy based on its own judgment on economic conditions."

The central bank said in a statement that the outlook for economic activity is becoming more uncertain, reflecting the yen's recent rapid rise against the U.S. dollar.

In financial markets, economic uncertainty has grown amid sharp drops in long-term interest rates and tumbling stock prices, Yamaguchi said.

Given the minus economic growth during the October-December quarter, economic activities might be more lackluster now than was earlier expected, he said.

The move toward lower money rates is aimed at yielding effects which will ease credit in as many ways as possible, compatible with the current level of the official discount rate, Yamaguchi said.

The official discount rate is now at a historic low of an annual 1.75 percent.

Yamaguchi said a change in the base rate would be on the assumption of a fairly big change in perceptions of the economic situation.

At a time of interest rate liberalization, the link between the official discount rate and market rates has diminished, he said.

Financial analysts believe, however, that the central bank could be forced to lower the key rate by around 0.5 percentage point, depending on developments in economic activity and currency movements.

Tatsuo Yasukawa, chief economist at Sanwa Research Institute, said the central bank may explore the timing of a cut in the base rate after seeing the effects of lower money market rates.

"It is important for them to leave room for the reduction (of the official discount rate) in preparation for economic retreat and cooperation on interest rates with the United States," Yasukawa said.

Leaders Welcome Mitsubishi, Tokyo Bank Merger

OW3003111295 Tokyo TOKYO SHIMBUN in Japanese 29 Mar 95 Morning Edition p 9

[FBIS Translated Text] Top leaders of major business associations unanimously welcomed a merger plan between Mitsubishi Bank and the Bank of Tokyo. Shoichiro Toyoda, chairman of the Federation of Economic Organizations [Keidanren] said: "I hope it will stabilize the nation's financial system and revitalize the entire system of the Japanese economy." Masaru Hayami, chairman of the Japan Federation of Corporate Executives [Keizai Doyukai] stated: "I think it is a forward-looking action, and I would like to pay my respects to the brave decisions by the executives of the two banks."

Hayami, who once served as a member of the Board of Directors of the Bank of Japan, noted the Mitsubishi-Tokyo merger will "reinforce both banks' strong points." He added: "As financial business is expected to become

more competitive hereafter, the banks are expected to make the most of expanded business opportunities through the merger."

Takeshi Nagano, president of the Japan Federation of Employers' Associations [Nikkeiren], also welcomed the bank merger, saying: "It is a favorable decision in the sense that the Japanese financial system will become more trustworthy." Furthermore, President Kosaku Inaba of the Japan Chamber of Commerce and Industry [Nissho] stressed: "I hope the large-scale merger will have a favorable influence on the Japanese financial market."

Mieno Denies Speculation of Bail Out Scheme

OW3003013995 Tokyo KYODO in English 0055 GMT 30 Mar 95

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Former bank of Japan Governor Yasushi Mieno on Thursday [30 March] denied speculation that politicians might have influenced a central bank-led scheme to bail out two financially troubled credit unions at the center of a scandal.

"Politicians were not involved at all in drafting it," Mieno said in testimony as a sworn witness before the House of Representatives Budget Committee.

Mieno was asked by Fumihiko Igarashi, a lawmaker from New Party Sakigake, about whether close links between Harunori Takahashi, a former chief of Tokyo Kyowa Credit Association—one of the two credit unions, and certain politicians influenced the bailout plan.

Mieno defended the controversial bailout plan mapped out under his governorship last December, saying it was designed to protect the financial system.

Mieno said he believed the bankruptcies of Tokyo Kyowa and Anzen Credit Bank could have affected the financial system as a whole.

"The bankruptcy of a financial institution is different from that of a general company," Mieno said, citing protection of the financial system as one of the central bank's two major policy priorities.

The bailout plan has come under fire for calling for an injection of public money into a special bank set up to take over the two credit unions until their bad loans can be written off.

Kono Responds 'Sharply' to Russian on Isles

OW3103035595 Tokyo KYODO in English 0347 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Foreign Minister Yohei Kono on Friday [31 March] sharply responded to remarks from a Russian Foreign

Ministry spokesman denying any obligation by Moscow to pull its troops off four Russian-held islands claimed by Japan.

Speaking at a news conference, Kono said Russian President Boris Yeltsin had "clearly said" during a visit to Japan in October 1993 that Russia would withdraw all its troops from the disputed islands off Japan's northernmost main island of Hokkaido.

But he declined to say whether that could be called a "promise."

"It is natural for Japan to hold great interest in developments surrounding the issue since president Yeltsin had clearly said so (during his visit)," Kono said.

Kono said Russian Foreign Minister Andrei Kozyrev told him during his visit to Japan earlier this month that Russia will send experts to Japan regarding the problem but that has not yet materialized.

During his Japan visit, Kozyrev said Moscow will send the experts to "explain the difficult aspects" of the withdrawal.

A Russian Foreign Ministry spokesman said Thursday that Russia is not obliged to pull its troops back from the four islands despite Yeltsin's previous suggestion of a withdrawal plan.

Some 7,000 Russian military personnel were stationed on the islands as of July 1992, according to statistics by the Japanese Foreign Ministry.

Japan has been demanding the return of the four islands—Etorofu, Kunashiri, Shikotan and the Habomai islets—since the former Soviet Union seized them at the end of World War II.

Company Established for Sakhalin Oil Project

OW2903141895 Tokyo KYODO in English 1357 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—Sakhalin Oil Development Cooperation Co. (SODECO), the Japanese unit in a three-party oil and natural gas development project off Sakhalin, said it established a new company Wednesday [29 March] as the project has begun to get off the ground.

The three-party consortium of private and government sectors from Japan, the United States and Russia has reached a basic agreement on sharing profits from the project and will soon sign a formal contract, said SODECO officials.

It is 15 years since the project was launched in 1980. The new company, Sakhalin Oil and Gas Development Co., was established at a capital of 300 million yen to take over SODECO's role in the project.

Unlike SODECO, which is formed by Japanese Government sectors and 18 private companies, the new company is to take risks in the energy development business together with the U.S. and Russian participants, according to the officials.

The new company is to raise additional funds for the project from now on, they said, adding SODECO has put up about 40 billion yen in test drills.

Of the 18 companies in SODECO, 10 are among the 13 stockholders in the new company, the officials said.

Kyosuke Arioka, vice president of Shikoku Electric Power Co., has assumed the presidency of the new company and will resign from Shikoku Electric at the end of this month, they said.

The company, aiming at oil and gas production in 2003, will start exploration as early as in this summer.

The Sakhalin oil and gas project is the largest in east Asia, with estimated deposits of crude oil amounting to 2.5 billion barrels and those of natural gas amounting to 425 billion cubic meters.

Russia's Lobov Allegedly Linked to Aum Sect

OW3103102595 Tokyo YOMIURI SHIMBUN in Japanese 30 Mar 95 Morning Edition p 4

[FBIS Translated Text] Russia has been the biggest overseas religious activity base for Aum Shinrikyo. In Russia, a court has recently ordered a shut-down the Russian chapter of the Japanese religious cult, but links between Aum Shinrikyo and an influential politician are rumored in Moscow.

A book entitled "The Real Age" published by the Japanese religious sect carries a photo showing a Russian man standing beside cult leader Shoko Asahara. The Russian man is Oleg Lobov, former chairman of the Russia-Japan Fund.

He is currently secretary of the National Security Council after serving as the first deputy premier of the Russian Federation. He is one of the closest confidants of President Yeltsin. In the book, Lobov said, "I have offered Aum Shinrikyo to use part of the building belonging to the Russia-Japan Fund."

In November 1993, a Russian man who claimed to be an employee of "Mahaposha" [name as published], a company in which Aum Shinrikyo invested, visited the Defense Agency. He said to Defense Agency officials, "I want to make a round-trip flight to Taiwan to make a deal on a Mir-26 helicopter."

The Russian-made Mir-26 is the world's largest helicopter, capable of carrying up to one hundred people. The man's plan was to charter a Mir-26 from the "Russia Aerospace Complex Civilian Center", founded by Lobov, fly to Niigata from Vladivostok and then fly on to Taiwan via Hukushima, Hachio Island and Okinawa.

Yet, his plan never got off the ground. "Mahapasha" had stationed a Russian-built Mir-17 helicopter on land owned by Aum Shinrikyo in Asakiri Heights at the foot of Mt. Fuji. This has been discovered by a recent search.

Lobov is not the only Russian who has maintained links with the Japanese religious sect. In March 1993, senior officials of the cult paid a call on Khasbulatov, chairman of the Russian Supreme Soviet, in a bid to cultivate contacts with Russian political circles.

A Kremlin source said: "Aum Shinrikyo came to Russia in 1990. At the time, the Japanese religious sect tried to build connections with the leadership of the Communist Party. They succeeded in building a relationship with Russian officials close to President Yeltsin following the failed coup in the summer of 1991."

The Kremlin source went on to say: "The Federal Counterintelligence Service once put the Russian chapter of Aum Shinrikyo under surveillance. The organization appeared to have discovered some important problems with the Japanese religious cult. It concluded that the Russian chapter of Aum Shinrikyo needs to be placed under close surveillance. However, a report compiled by the counterintelligence service did not mention a word about Aum Shinrikyo. Thus, it is certain that some influential government officials were behind Aum Shinrikyo."

The Russian Ministry of Justice revoked the legal status of the Japanese religious cult following the subway sarin gas attack in Tokyo. The radio station Mayak decided not to broadcast Aum Shinrikyo's programs. A reporter with an influential daily in Moscow said, "There is a possibility that the link between the Japanese religious cult and high-ranking Russian officials could trigger political controversy in Russia, depending on the results of ongoing investigations in Japan."

Cooperation With Moscow in Aum Case Considered

LD3003121495 Moscow ITAR-TASS in English 1036 GMT 30 Mar 95

[By ITAR-TASS correspondent Vassiliy Golovnin]

[FBIS Transcribed Text] Tokyo March 30 TASS—The Japanese Foreign Ministry informed ITAR-TASS on Thursday [30 March] that it is ready to consider a question of establishing contacts with Russia via diplomatic channels in connection with the activities of the Aum Shinrikyo (Supreme Truth) sect.

The sect is suspected of the gas attack in the Tokyo subway and secret manufacturing toxic agents. Aum Shinri Kyo has many disciples in Russia, and, according to Japanese analysts, many of the sect's secret operations might have roots on the Russian territory.

A Japanese Foreign Ministry official told TASS that contacts with Russia could be established "on a basis of consultations with Japan's other interested agencies".

Meanwhile, the National Police Agency told TASS today that the agency has not yet established cooperation with its Russian colleagues in the investigation of the sect's activities.

The National Public Safety Commission refused to confirm or reject any contacts with Russian services.

Seized Chemicals Could Produce Lethal Sarin

OW3103013595 Tokyo KYODO in English 0120 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—The huge amount of a toxic chemical agent confiscated from the Aum Shinrikyo religious sect could produce some 5.6 tons of lethal nerve gas sarin, the poison used in the March 20 indiscriminate attack on Tokyo subways, police sources said Friday [31 March].

The 5.6 tons of sarin theoretically could kill more than 10 billion people, experts said.

In a series of raids on the religious cult, police have confiscated some 650 drums and about 2,050 bags containing chemical agents, as well as some 190 documents, they said.

Among them were some 100 drums containing phosphorus trichloride, a key ingredient to produce sarin. Using all the amount of the agent, some 5.6 tons of sarin could be produced, experts said.

Police have also seized some 50 drums of isopropyl alcohol and about 2,000 bags of fluorine-related agents, including sodium fluoride. Isopropyl alcohol and sodium fluoride are also substances said to be necessary to produce sarin. They have also seized some 30 kinds of chemicals which included atropine, an antidote for sarin.

The raids, which started last Wednesday on the sect's facilities, two days after the subway attack, were initially made in connection with the abduction of a brother of a cult follower. The man is still missing.

Police later raided the organization on suspicion that the group was plotting murder by preparing a huge amount of chemical agents, including substances used in making sarin.

Confiscated documents included the lists of followers, police said.

Aum Shinrikyo has claimed that it has stocked the chemical agents for purposes such as making goods.

The sect has also flatly denied speculation that it may have been involved in the sarin attacks by an unidentified group on the Tokyo subway system, which killed 10 people and made more than 5,000 sick, and also a sarin attack case in the central Japan city of Matsumoto in June last year, which claimed the lives of seven people.

The organization has insisted that the U.S. military spread sarin against the group, a claim rejected by U.S. Forces in Japan.

Police said they will continue raids on the sect's primary facilities in the village of Kamikuishiki, Yamanashi Prefecture, west of Tokyo.

Police said they arrested two Aum sect followers Friday for allegedly possessing an inflammable chemical.

Seiji Tashita, 25 and Ryoichi Iwabuchi, 64, allegedly possessed a 500 cc bottle of inflammable solid natrium in a van stationed in Fujinomiya, Shizuoka Prefecture, in central Japan. Aum Shinrikyo has its headquarters in the city.

The two men are not saying why they had the chemical, police said.

Mitsubishi Denies Cancellation of PRC Project

OW3103034595 Tokyo KYODO in English 0330 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Mitsubishi Corp. on Friday [31 March] denied a trade journal report that China has canceled a large-scale joint petrochemical project with Mitsubishi and five other Japanese trading houses.

The NIHON KOGYO SHIMBUN earlier in the day quoted executives of more than two trading houses as saying China's State Planning Commission has sent back their letters concerning plans to start the petrochemical project in Liaoning Province.

Mitsubishi, Itochu Corp., Mitsui and Co., Sumitomo Corp., Marubeni Corp. and Nissho Iwai Corp. formed in 1993 a special consortium to propose the launching of the project, the daily said.

The Chinese Government cited difficulties in raising funds for the 4 billion dollar project to establish oil refinery facilities and an ethylene center in the province, the daily said.

A Mitsubishi spokesman said, however, "our company has not yet received any notification from China about abandoning the project. We understand that China has kept us waiting for ratification of the project."

He also said Mitsubishi is the leading company in the consortium and if any policy change is made, it will be the first to receive a notification.

Ministry Plans Optical Fiber Network in China

OW3103010995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Mar 95 Morning Edition p 5

[FBIS Translated Text] In concert with Chinese Ministry of Posts and Telecommunications, the Ministry of Posts and Telecommunications [MPT] has worked out a plan for upgrading communications networks in the region of

the Chang Jiang delta, which includes the three major cities of Shanghai, Nanjing, and Hangzhou. The region is expected to have the fastest growth in China. The plan calls for connecting the three major cities with an optical fiber communications network and for upgrading the existing communications networks in the three cities. It is estimated that this project will cost 467 billion yen by the year 2010. MPT plans to urge Japanese enterprises to participate in the project.

According to the plan MPT has worked out in concert with the Chinese Ministry of Posts and Telecommunications, 87 billion yen is necessary to build an optical fiber communications network by the year 2010 that connects the three major cities in China, and 380 billion yen is necessary to upgrade the existing communications networks in the three major cities. Only 15-20 percent of residents in the three major cities have telephones, but the plan calls for raising the rate of telephone use to 42-43 percent by the year 2000.

Twenty-seven companies and organizations, including communications firms, communications apparatus makers, construction companies, general trading firms, and city banks have been involved in working out the plan. MPT plans to implement the plan as a joint project with China. MPT says, "We hope that Japanese enterprises will consult in detail with China about forming a joint-venture company, managing the project and making investment within this year."

Dalai Lama Arrives for 1st Visit in 11 Years

OW2903043495 Tokyo KYODO in English 0406 GMT 29 Mar 95

[FBIS Transcribed Text] Osaka, March 29 KYODO—The Tibetan spiritual leader Dalai Lama arrived at Kansai International Airport on Wednesday [29 March] for his first visit to Japan in 11 years, despite a warning from China against his possible political activity.

The Dalai Lama, invited by a religious organization based in Okayama, western Japan, is scheduled to visit Hiroshima and Tokyo before his departure April 6.

China warned Japan last week that allowing his visit would adversely affect bilateral relations, saying that it would amount to interference in China's internal affairs.

But Tokyo gave him a visa Tuesday on condition that the Dalai Lama, recipient of the 1989 Nobel Peace Prize, do not engage in political activities while in Japan.

The Dalai Lama, whose visit coincides with the 50th anniversary of the end of World War II, had received other invitations to visit Japan, but Tokyo had always bowed to Chinese pressure and refused to issue him a visa, according to informed sources.

The Tibetan spiritual leader has lived in exile in India since he fled from Tibet in 1959 after the Chinese invasion of the country.

At the airport, the Dalai Lama told reporters that he has several times met and well remembers Shoko Asahara, leader of the Japanese religious group Aum Shinrikyo.

The cult is currently the object of massive police raids in connection with the suspected production of the lethal nerve gas sarin, as well as with cases of kidnapping and confinement.

The Dalai Lama said he feels very sad about such cases, and what is most important now is to conduct an investigation.

He declined to comment further on Aum Shinrikyo, saying that although he himself is a Buddhist, the sect has doctrines in which Buddhism and Hinduism are mixed.

Murayama Urges Nepal To Democratize, Reform

OW3003041195 Tokyo KYODO in English 0346 GMT 30 Mar 95

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Prime Minister Tomiichi Murayama called Thursday [30 March] for Nepal to continue pursuing democratization and economic liberalization policies and promised Japanese cooperation for such efforts, a Foreign Ministry official said.

Murayama made the statement in a 20-minute meeting with Nepalese Deputy Prime Minister Madhav Kumar Nepal, who has been in Japan since Sunday on a six-day visit.

Nepal gave Murayama a letter from Nepalese Prime Minister Man Mohan Adhikari saying his country intends to seek economic liberalization, the official said.

Nepal, who is also minister for foreign affairs and defense and the general secretary of the Communist Party of Nepal (Unified Marxist-Leninist), told Murayama that the Himalayan Kingdom, whose communist-led government took power in November, was "encouraged" by the fact that Japan is also led by a coalition government that includes Murayama's Social Democratic Party of Japan.

He also called for Japanese investment in the country and asked Japan to sign a treaty to prevent dual taxation, the official said.

Nepal Gives Assurances

OW2903142895 Tokyo KYODO in English 1350 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—Nepalese Deputy Prime Minister Madhav Kumar Nepal assured Japan on Wednesday [29 March] that the nation's communist-led government will continue to pursue democratization and economic liberalization policies, a Foreign Ministry official said.

Nepal, also minister for foreign affairs and defense and general secretary of the unified Marxist-Leninist Party, gave the assurances during nearly two hours of talks, including dinner, with Foreign Minister Yohei Kono at the Iikura Guesthouse.

Nepal was quoted as telling Kono that his government, which came to power last November, is committed to pursuing democratization, which the country has been seeking since 1990.

Specifically, Nepal told Kono his country is considering improving its electoral system and setting up a committee to tackle human rights problems, the official said.

The new government will also basically continue its predecessor's diplomacy and economic liberalization efforts, Nepal was quoted as saying.

Nepal, in Japan since Sunday on a six-day visit, also requested Japanese investment in the Himalayan kingdom.

Kono replied that he thinks such factors as political stability and a good legal system and infrastructure play a great role in attracting investment from private sectors.

On the issue of reforming the United Nations, Nepal did not state support for Japan's campaign to become a permanent member of the UN Security Council.

The official quoted Nepal as telling Kono he would give "positive" consideration to Japan's bid, given Tokyo's greater contributions in the international community.

Kono failed to win clear support from Nepal on the indefinite extension of the nuclear Nonproliferation Treaty (NPT) which comes up for renewal this year.

Nepal told Kono his country is currently studying its position on the matter and that it will take into account Japan's opinion, the official said.

Prior to the talks, Kono and Nepal exchanged documents on the Japanese grant-in-aid totaling 1.39 billion yen to help it increase food production and purchase machinery for river and road protection.

Nepal is expected to meet Prime Minister Tomiichi Murayama on Thursday.

Dai-Ichi Kangyo Strengthening Bases in Asia

952A0374A Tokyo GINKO JIHYO in Japanese Feb 95 pp 106-108

[Article by Haruo Kurahashi: "With Taipei as Beachhead, Dai-Ichi Kangyo Bank Fortifying Asian Network"]

[FBIS Translated Text] Showing Strength in Taiwan

In reviewing Dai-Ichi Kangyo Bank's history of establishing bases in Asia, the milestone first step was the opening of the Taiwan (Taipei) branch in September 1959. Subsequently, branches were established in various countries to form a network of bases. The network

expansion included eight branches in seven nations in the following order: the South Korea (Seoul) branch opened in February 1972, the Singapore branch in July 1976, the Hong Kong branch in December 1984, the China (Shanghai) branch in March 1992, the Taiwan (Kaohsiung) branch in September 1992, the Thailand (Bangkok) branch in September 1993, and the Malaysia (Labuan) branch in November 1993. In Indonesia, which is known for its numerous regulations and rigidity, no Japanese bank has been licensed with the exception of the Bank of Tokyo. Dai-Ichi Kangyo Bank supplements its branch activities with the Indonesia Dai-Ichi Kangyo Bank (an 80-percent capitalized company) in charge of general commercial banking and DKB Panin Leasing Co. (a 60-percent capitalized company) handling the leasing business.

Among the network bases, Dai-Ichi Kangyo Bank's pillar is the Taipei branch as the beachhead of network evolution.

Today, the only city and long-term credit banks with branches in Taiwan are Dai-Ichi Kangyo Bank and the Bank of Tokyo (which opened its Taipei branch in March 1993). As the history of base openings show, it is not an overstatement to say that Taiwan is Dai-Ichi Kangyo Bank's unchallenged sphere of activity. Moreover, it has two branches, including the one in Kaohsiung.

"Our presence in Taiwan is the bank's highlight. We opened the Kaohsiung branch to protect and further our development, and we feel relieved that things are going smoothly" (Haruo Ogawa, assistant director, international banking department, Asia group).

Ideal Base Evolution in Hong Kong

Hong Kong is the hub of Asia's financial market and is the fiercest "battle zone" in Asia. Dai-Ichi Kangyo Bank has four bases in Hong Kong with an ideal arrangement that provides all financial services from wholesale to retail, including housing loans. This is the bank's second forte.

It is the Sanwa Bank which is said to show strength in Hong Kong. In Sanwa Bank's case, it evolves business including wholesale and retail under its branch "name." Actually, it conducts wholesale business at its Hong Kong branch, and its retail business through its local company, the Chekiang Dai-Ichi Bank, which has 14 branches in Hong Kong. It is based on the management judgment that a local company provides better services to customers in dealing with the local retail class, and that it is more efficient with higher earnings from the bank's standpoint.

"Comparing just the Hong Kong branches, our branch is smaller than the Sanwa Bank, but we think it is easy to see that, with the Chekiang Dai-Ichi Bank included, we are competitive" (Assistant Director Ogawa).

Meanwhile, DKB Asia Ltd., the bank's overseas local company, handles merchant banking including securities

and syndicate loans. It also produces results by arranging bond issues for international institutions.

DKB Financial Products Ltd. (Hong Kong) was also established in March 1994 to aggressively evolve derivative trading. The firm is a subsidiary of DKB Financial Products in New York, thus forming a New York-London-Hong Kong tripartite network. Young as it is, it is preparing to handle Asian currencies.

Aggressive Advance Into China

The bank with its overwhelming strength in Taiwan is also aggressively expanding business in China. It has established an advisory team within its foreign business promotion department, consisting of experts with work experience in China, to assist Japanese companies desiring to do business in China. It offers advice on investment in China to individual companies, conducts investment seminars, and arranges travel by inspection groups.

In addition, as a link in support of China's financial reforms, President Masashi Okuda personally headed a group and held large-scale financial seminars in China. The bank is thus extremely enthusiastic about cultivating business with China.

Regarding the opening of branches also, it has already established a branch in Shanghai and is preparing to open a branch in Dairen in the spring of 1995. In the future, it hopes to elevate the resident offices to branch status, beginning with Beijing, and to open bases in the inland regions. It is thus steadily expanding its network under a long-range vision.

"We have already opened resident offices and, if the surveys indicate that branch banks are profitable, we will probably move forward. Of course, licensing by the Chinese Government is required. However, branch banks are urgently necessary for Japanese companies wishing to open businesses in China" (Assistant Director Ogawa).

Countries in Asia Are "Battle Zones"

It has become difficult to differentiate within the network. As in the case of Taiwan, which was the bank's exclusive turf, other city banks have caught up. It indicates the efforts by the other city banks to build their respective networks of bases in Asia. Dai-Ichi Kangyo Bank is aware that there is no longer any gap in the buildup of bases.

In Thailand, the Bangkok branches of Sakura Bank and the Bank of Tokyo are showing strength. With full banking licenses, their activities are prominent among the Japanese banks.

"The two lead banks are similar to our 'Taipei branch.' Our lagging branch is still licensed for offshore banking. However, the Thai Government says that it will grant

full licenses to two Japanese banks in 1995, and we are doing our utmost to acquire one of them" (Assistant Director Ogawa).

The same situation applies in Malaysia. In order to keep up with the leading Sakura and the Bank of Tokyo, acquisition of a full license is a major condition. In Australia also, Dai-Ichi Kangyo Bank becomes the first city bank there with the opening in January 1995 of a Sydney branch as a local corporation.

Fortifying Merchant Banking

In order to further its dealings in Asia, the Dai-Ichi Kangyo Bank bolstered its merchant banks in April 1994.

It classified its Asian clients into the following three categories with different business methods: 1) Japanese companies, 2) large non-Japanese (local) corporations, and 3) non-Japanese small and mid-sized local companies. In view of the fact that bilateral transactions are possible between Japanese companies and small and mid-sized local companies that can evolve dealings on a similar basis as in Japan, they will be conducted under the bank branches and current banking laws in the various countries. Given the large-scale procurement of capital by the governments and local major corporations, Dai-Ichi Kangyo Bank defines them as "markets requiring innovation." By providing differentiation in products such as the arrangement of syndicate loans and securities-related products, it is evolving a strategy for survival in the competition with its rivals.

"In a market where products such as project finance are handled, knowhow is necessary which is generally different from bilateral methods. For example, when U.S. and European banks deal with major local corporations, they gather 20-30 experts to negotiate with them. It is not possible to compete with them on a "side-business" footing. The buildup of an aggressive system using accumulated expertise and high-level financial techniques is necessary, and the strategy we devised is stronger merchant banking" (Assistant Director Ogawa).

Consequently, the bank's branches in the Asian countries handle dealings with Japanese companies and small and mid-sized non-Japanese companies. Each branch's territory is clearly defined, and it is responsible for progress there. On the other hand, while the branches were previously in charge of dealings with major non-Japanese companies, those functions and necessary personnel have been concentrated in Hong Kong and Singapore—the central financial markets of Asia—and placed in charge of DKB Asia Ltd. and DKB Merchant Bank (Singapore) respectively.

While a branch cultivates its own territory, when there is talk of project finance, for example, it passes the case on to the merchant bank. By using this method, the merchant banks have improved their records considerably. The IFR [expansion unknown] has announced the

ranking of syndicate loans arranged in Asia between January and September, and Dai-Ichi Kangyo Bank is ranked eighth in the world. It is at the top among Japanese banks. All the Japanese banks take pride in their ranking status, and Dai-Ichi Kangyo Bank has become the leader in the field.

Drastic Increase of Personnel in Asia

Also, since October 1994, the bank has boosted personnel in its Asian branches by more than 10 employees to fortify its system. They were assigned to the branches in Bangkok, Shanghai, Hong Kong, and Labuan, in addition to the aforementioned two merchant banks.

"The merchant banks handle syndicate loans and project financing, while the branch banks promote bilateral transactions. Dai-Ichi Kangyo Bank aims to build a solid system throughout Asia by strengthening both aspects, and the buildup of the system is making steady progress" (Assistant Director Ogawa).

The bank's policy supports the advance by Japanese companies as an extension of its own domestic dealings. In areas where it has branches today, it is beginning transactions with prominent non-Japanese companies while it performs corporate finance for Japanese companies. The branches and bilateral business are thus being expanded under the existing banking laws.

In regions where Japanese companies have not made inroads, it is difficult to establish bases beforehand. Where dealings by government-related companies and major local companies are possible, they can be arranged through business trips by the merchant banks.

"For the time being, we believe that our top priority is to strengthen the merchant banks and boost personnel for better results. While we evolve our strategy of emphasis on Asia, we plan to fortify our positions in regions other than Taiwan and Hong Kong—where we enjoy unparalleled strength, and to continue to consolidate our superiority in Asia" (Assistant Director Ogawa).

The 21st century is said to be the era of Asia. Dai-Ichi Kangyo Bank policy is to further promote the buildup of its network in Asia and to simultaneously evolve comprehensive financial services.

Toyota, Nissan, Isuzu To Cooperate in Thailand
952A0409A Tokyo NIKKAN KOGYO SHIMBUN in Japanese 9 Feb 95 p 11

[FBIS Translated Text] Toyota Motor, Nissan Motor, and Isuzu Motor on 8 February officially announced their agreement to mutually supply casting material for main engine parts for one ton pickup trucks produced in Thailand. They will begin mutual supply by turns in July 1995 and by the end of 1997 will organize a mutual supply system.

Because they will receive preferential treatment from the Thailand Board of Investment (BOI) and their objective

is to raise the local procurement ratio, they decided that it would be more efficient for all three companies to cooperate than for each company to handle individually because it would be 10 to 20 percent lower in terms of cost. Due to mutual supply, each company's local procurement ratio would rise from just over the current 60 percent to more than 70 percent at the end of 1997.

The four casting materials to be mutually supplied are connecting rods, crankshafts, cylinder blocks, and cylinder heads. Each company will supply from its casting materials base in Thailand, with Isuzu producing connecting rods and crankshafts, Toyota producing cylinder blocks, and Nissan producing cylinder heads for supply.

Because the BOI is promoting a policy of nationalized production of major parts for engines for one-ton pickup trucks, in order to receive preferential treatment such as reduced tariffs on imported parts, it will be necessary to achieve a localized procurement rate in excess of 70 percent by the end of 1997.

Argentine Minister Meets Takemura Over Loan

*OW3003134295 Tokyo KYODO in English 1325 GMT
30 Mar 95*

[FBIS Transcribed Text] Tokyo, March 30 KYODO—Argentine Economics Minister Domingo Cavallo called Thursday [30 March] on Japanese Finance Minister Masayoshi Takemura and asked for a loan from the government-backed Export-Import Bank of Japan, officials said.

Japanese officials said Cavallo, the minister of the economy and public works, sought the loan to help his country control its monetary confusion, which was touched off by the Mexican currency crisis.

They said Takemura told Cavallo that Japan would consider such aid when a framework for international aid was worked out.

Argentina, once troubled by runaway inflation, succeeded in reducing its inflation rate to 3.9 percent in 1994.

But mass withdrawals of deposits from Argentine banks have caused corporate fund shortages, and the World Bank and the Inter-American Development Bank have promised loans of 1.3 billion dollars each to the country.

Meanwhile, the government-backed Overseas Economic Cooperation Fund signed an agreement to provide a yen-based loan of 8.15 billion yen to the Argentine Government for river conservation and sewage construction work in Buenos Aires, officials said.

The 25-year loan carries an annual interest rate of 5.0 percent.

War Resolution Draft Deadline Set 30 Apr

*OW3003062895 Tokyo KYODO in English 0611 GMT
30 Mar 95*

[FBIS Transcribed Text] Tokyo, March 30 KYODO—A joint project team of the ruling coalition to deal with

postwar issues agreed Thursday [30 March] that the three ruling parties should finish drafting a proposed war-renouncing Diet resolution by the end of April, team members said.

The agreement was reached after Prime Minister Tomiichi Murayama urged the ruling parties to settle the resolution issue before he visits China in early May.

The ruling coalition of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) [of Japan] and New Party Sakigake has been split over a plan to have the resolution include some expression of apology to Asian countries invaded by Japan during World War II and to declare that Japan will not wage war again.

The project team also decided to leave the content of the draft resolution to leaders of the three parties in the team, the members said.

The three parties agreed in June last year to pass a war-renouncing resolution to commemorate the 50th anniversary this year of the war's end.

The SDP and Sakigake agreed last week that the wording of the resolution should follow what was agreed among the coalition parties at that time, which said the resolution will "reflect upon the past war and express a decision to seek peace in the future."

A growing number of conservative LDP members oppose any resolution apologizing for the wartime aggression, and their opposition has already sparked criticism from neighboring nations, including South Korea.

Ruling Parties Disagree Over Antiwar Resolution

*OW3003121295 Tokyo MAINICHI SHIMBUN in
Japanese 29 Mar 95 Mornin Edition p 2*

[FBIS Translated Text] On 28 March, the ruling parties' "Project Team For Post-War 50 Year Issues" discussed the issue of a "Diet resolution" this year, during which the 50th anniversary of the end of World War II will be marked, and reached an agreement that an early settlement of the issue will be sought, taking into account Prime Minister Murayama's visit to China which will begin on 2 May. A growing number of legislators affiliated with the ruling parties are asserting that "the Social Democratic Party of Japan [SDPJ] approve the exclusion of the word 'apology' or 'no-war' from the text of a Diet resolution, and that this is a prerequisite for an early settlement of the issue," (according to a senior member of the Liberal Democratic Party). Hence, the possibility has emerged that the Diet resolution will be transformed into a "Diet peace resolution."

It is the SDPJ that has insisted on an early settlement of the issue. The agreement reached by the project team headed by Satoshi Arai was the result of moves by the Liberal Democratic Party [LDP] to wring concessions from the SDPJ on the wording of the Diet resolution in

return for its acceptance of the SDPJ's plan on the timing of adopting the Diet resolution.

Satoshi Arai, who heads the project team which has discussed ways to resolve the issue since February this year, has twice put forth his personal proposal. The proposal is that neither the word "apology" nor the term "no-war" be used as the title of the Diet resolution.

On 28 March, the SDPJ, at a meeting of the Ad-Hoc Committee on the Post-War 50 Year Issues (headed by Kosuke Uehara), reconfirmed its plan to incorporate "the expression of soul-searching and apology" into the Diet resolution. SDPJ Secretary General Wataru Kubo met on 22 March with Sakigake [Harbinger] Representative Masayoshi Takemura to agree that they will seek to settle the issue in line with the Arai proposal.

Senior LDP members in charge of policy affairs strongly hope to adopt a Diet resolution that does not include the term "no-war" or "apology." The idea is growing among senior members of the three ruling parties that they should make concessions to each other and try to find a consensus from the standpoint of maintaining the present coalition government. The project team is expected to discuss specifically "to which nations Japan should apologize." There is a high possibility, however, that some LDP legislators opposing the Diet resolution will voice their objection to the discussion itself.

Main Candidates in Tokyo Election Profiled

OW3003010395 Tokyo KYODO in English 0013 GMT
30 Mar 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, March 30 KYODO—The following are profiles on six main candidates in the April 9 Tokyo gubernatorial election in order of filing registration.

Kenichi Ohmae

Kenichi Ohmae, a former management consultant and politically active critic of government bureaucracy, says he expects to gain votes from people indifferent to politics and win the Tokyo gubernatorial race.

A vocal advocate of radical political and administrative reforms, Ohmae has been active in nonpartisan political movements as head of a citizens group-based political organization called "Reform of Heisei."

The 52-year-old Ohmae, one of six major candidates in the gubernatorial election, is capitalizing on media such as TV and books to sell his election campaign and make up for a lack of backing from political parties.

In less than four months, Ohmae has published four books detailing his theory of a "regional state," a concept that aims to break the current concentration of power in the central government.

Among unique proposals, Ohmae is appealing for the holding of Tokyo metropolitan assembly sessions after 7 P.M. so that more Tokyoites can witness what is going on.

Ohmae, a graduate of Waseda University's Science and Engineering Department, served as chairman of McKinsey and Co. Japan, a business consulting company, until July 1994.

Tetsundo Iwakuni

Tetsundo Iwakuni, a former mayor of Izumo, Shimane Prefecture, is aiming to win the gubernatorial election with a promise to give Tokyo a leaner government that provides maximum services.

A former investment banker assigned to New York, London and Paris, the 58-year-old Iwakuni calls administration, both on the national and local levels, "the biggest service industry" for the public.

Iwakuni, known for playing a key role in making Izumo's municipal government one of the most efficient of all municipalities in Japan, has pledged to turn the Tokyo Metropolitan Government into a smaller government that provides maximum services.

He has also promised to introduce a welfare card system similar to one introduced in Izumo under his mayorship, giving senior citizens cards that contain information on such things as blood type, birthday, address and any allergies to medicines.

Iwakuni is viewed by some as having the best chance to beat former Deputy Chief Cabinet Secretary Nobuo Ishihara who is considered the front-runner in the Tokyo race.

Iwakuni has support from some members of Shinshinto (New Frontier Party), the main opposition in the Diet, as the party has decided to let its members decide on their own who to support.

Iwakuni is also expected to garner votes from members of a Buddhist group tied to the now defunct Komeito, which has been absorbed into Shinshinto as a result of a merger of several parties last year.

A graduate of Tokyo University, Iwakuni worked for Japan's Nikko Securities Co., then Morgan Stanley and Co. and Merrill Lynch and Co. before being elected mayor of Izumo in 1989.

Tetsu Ueda

As an NHK reporter, Tetsu Ueda was active in a successful television campaign to eradicate polio from Japan.

Ueda later switched careers and entered politics in 1968, serving for 25 years first as a member of the House of Councillors and later as a member of the House of Representatives.

Now he wants to become Tokyo governor by promising young Tokyoites affordable rented apartments (three rooms plus a living- dining room for 100,000 yen a month).

Ueda, 67, also vows to cut prices of daily necessities in Tokyo by 30 percent.

Can he deliver? He is telling prospective voters that he will ask the national government to implement tax reform, which he said would allow more money to the coffers of the Tokyo Metropolitan Government.

After losing his lower house seat in 1993, he left the Social Democratic Party (SDP) [of Japan] to protest against the SDP's approval of a new electoral system of single-seat constituencies and proportional representation seats for the lower house.

He set up a new political party aimed at keeping the postwar Constitution.

Ueda's campaign platform also includes a referendum system to deal with key issues such as public utility fees.
Nobuo Ishihara

Former Deputy Chief Cabinet Secretary Nobuo Ishihara is widely viewed as the front-runner in the Tokyo gubernatorial election because he is supported by a broad range of political parties.

Ishihara, 68, resigned as deputy chief cabinet secretary in late February and declared his candidacy for the election in early March, saying he wishes to fulfill his final service as a civil servant.

A native of Gunma Prefecture, north of Tokyo, he graduated from the University of Tokyo and joined the predecessor of the current Home Affairs Ministry in 1952.

After serving as vice home minister, Ishihara retired from the ministry and was appointed in 1987 as deputy chief cabinet secretary under then Prime Minister Noboru Takeshita of the Liberal Democratic Party (LDP).

As the top bureaucrat, he has worked for seven consecutive governments ending with that of incumbent Prime Minister Tomiichi Murayama of the Social Democratic Party.

During those seven years and three months of service, Ishihara won the nickname of "shadow prime minister" because he enjoyed a big say in the handling of administrative affairs at a time of convulsion on the political scene.

As unforgettable events during his tenure, he has cited the death of Emperor Hirohito in January 1989 and the Great Hanshin Earthquake in western Japan in January this year.

Ishihara is running in the April gubernatorial poll with the backing of all the three ruling coalition parties—the

LDP, the Social Democrats and New Party Sakigake—and the Tokyo Chapter of the Komei Party.

He is also supported by Japan's largest labor organization, the Japanese Trade Union Confederation (Rengo).

Yukio Aoshima

Prize-winning writer and television personality Yukio Aoshima, who quit as a member of the House of Councillors to run for the Tokyo governorship, has been known as a maverick politician since first being elected to the Diet in 1968.

Attacking money-politics and costly electoral campaigns, the 62-year-old Aoshima plans to pursue his own style for the April 9 poll—not spending money on the election campaign, a policy he has held since 1968.

When the campaign kicked off, Aoshima stayed home and held a news conference while his fellow candidates took to the streets. He only plans to appear on a TV program sponsored by the government for candidates' speeches and in official election pamphlets.

Born in Nihombashi, Tokyo, Aoshima became a script-writer for television comedy shows after dropping out of graduate school at Waseda University because of pneumonia.

He later became a TV personality himself, directed a movie and also became a songwriter.

In 1981, he won the coveted Naoki prize for his book "Ningen Banji Saiouga Hinoeuma," a novel based on his own experience about people in downtown Nihombashi surrounding a family owning a box- lunch store there.

His life as a politician has often attracted public attention.

In 1971, he branded then Prime Minister Eisaku Sato as a male concubine for financial circles, and in 1992 he staged a hunger strike to protest against Shin Kanemaru, then kingpin of the Liberal Democratic Party who received an illegal donation of 500 million yen, but paid a fine of only 200,000 yen.

He belonged to the Niin Club parliamentary bloc in the upper house until he gave up the seat for the Tokyo polls.

Saburo Kuroki

Saburo Kuroki, a professor emeritus at Waseda University, was the first candidate to announce his intention to run in the April 9 Tokyo gubernatorial race, with the backing of the Japanese Communist Party.

Blasting the 16-year-long Tokyo metropolitan administration led by Shunichi Suzuki for favoring big firms for large public works instead of reflecting residents' views, Kuroki says he wants to place priority on social welfare if elected governor.

Kuroki cites as a failure by the Suzuki administration the Tokyo Bay waterfront development project.

The 73-year-old civil law expert also calls for the removal of the U.S. air base at Yokota and use of the land for peaceful purposes.

Improving the living standards of Tokyo residents, including homeless people and foreign residents, is also on his agenda.

A native of Fukuoka Prefecture in western Japan, Kuroki served as a professor at Aichi University and Waseda University before becoming a professor emeritus at Waseda in 1992.

He also served as president of the Japan Association of the Sociology of Law.

Kuroki's main support base is the council to seek a progressive Tokyo administration, which consists of 56 organizations, including the Japanese Communist Party and several boards of education.

Campaign for Unified Local Election Begins

OW3103021595 Tokyo KYODO in English 0152 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Campaigning began Friday [31 March] for the elections of most of Japan's prefectural assemblies and major cities, which are part of April's nationwide local elections.

The April 9 polls are viewed as the first real test of Prime Minister Tomiichi Murayama's nine-month-old coalition government.

The election campaigns got under way for the elections of 43 of the country's 47 prefectural assemblies, excluding Ibaraki, Tokyo, Hyogo and Okinawa Prefectures, and 10 major cities, excluding Kobe and Kitakyushu, Fukuoka Prefecture. Voting is set for April 9.

Campaigning for the elections of 13 governors, including Tokyo, Osaka and Hokkaido, began March 23.

Voting in the second stage of the April local polls is set for April 23, for the election of 117 mayors, 405 city and ward assemblies, heads of 15 of Tokyo's 23 wards, of 612 towns and villages, and 1,268 town and village assemblies across the country.

NFP's Idea of Seeking LDP Alliance Explored

OW3103064295 Tokyo ASAHI SHIMBUN in Japanese 27 Mar 95 Morning Edition p 2

[FBIS Translated Text] A view on seeking the possible establishment of an "alliance between conservative forces"—mainly between former and current members of the Liberal Democratic Party [LDP]—is prevailing within the New Frontier Party [NFP]. Even senior NFP members have openly expressed such a view, and they

know it will not be easy to materialize the idea unless the framework of the current coalition government remains unchanged. Underlying the view is that these people are irritated at not being able to pave the way to regain power, and are impatient with concern about whether they "can win the next general election." It seems their feeling of incompatibility with former Komeito members—who continue to act under "monolithic solidarity"—and concern that NFP Secretary General Ichiro Ozawa is seemingly losing his power in spite of their expectations, have made them entertain hopes for further realignment of political circles.

Successive Meetings

Recently, there has been frequent contact between NFP and LDP members who were senior members of the disbanded Takeshita faction of the LDP. It has been reported that on the night of 14 March, acting NFP Secretary General Kozo Watanabe met former LDP Secretary General Seiroku Kajiyama and told him "we exchanged blows with each other, but let us harbor no ill feeling toward each other." Mr. Watanabe also met with Minister of International Trade and Industry Ryutaro Hashimoto and LDP Vice President Keizo Obuchi.

For his part, Mr. Ozawa met with Mr. Obuchi on the pretext of discussing personnel appointments to a reconstruction committee formed after the Great Hanshin Earthquake. Before that, Mr. Ozawa's close associates met former Prime Minister Noboru Takeshita. In this way, meetings—that suggest a possible "reconciliation" between Ozawa and Takeshita—have been held successively.

In addition, there are voices from other former LDP members saying: "The LDP will split sooner or later, and the NFP might also split. Therefore, it is desirable to make a fresh start in conservative politics" (according to another acting NFP Secretary General Takeshi Noda). Meanwhile, in addition to another idea to seek a "great alliance" between the LDP and NFP, other NFP members are considering further political realignment on condition that the NFP framework is broken. They say: "Within the LDP, there are forces that would be able to ally with the NFP if Mr. Ozawa and NFP Political Affairs Committee Chairman Yuichi Ichikawa are expelled."

Turbulent Relations

Many former LDP members, who are now NFP members, deplore their position, saying: "The ruling parties enjoy the power of administering government, including budget compilation." Judging from their envy at the ruling parties' advantages, former Komeito and Japan Democratic Socialist Party members believe the intra-NFP view of seeking a coalition between conservative forces "reflects their wish to regain power."

On the other hand, some former LDP members are deeply dissatisfied with former Komeito members, who are the mainstay of the NFP. There is the fact the NFP,

in paying due consideration to former Komeito members, did not field its own candidate for the Tokyo gubernatorial election. Former LDP members consider this reflects the former Komeito's influential position in the NFP, and a view has been expressed among them that, "we can advocate the establishment of a two-party system by conservatives leaving out the Social Democratic Party of Japan and former Komeito."

Their dissatisfaction has turned into criticism of Secretary General Ozawa for "failing to display leadership."

Incentive for Further Political Realignment

NFP President Toshiki Kaifu has said: "Forming a conservative-conservative alliance runs counter to the spirit of the establishment of the NFP, and in this sense, it is impossible"; while Mr. Ozawa has noted: "If we cannot regain power, it will be meaningless to put together members of the former Takeshita faction." In this way, top leaders of the NFP have repeatedly made negative remarks on the possible "alliance between conservative forces" partly because "it is meaningless for the NFP to be obsequious to the LDP as long as the ruling parties maintain the current framework" (according to a senior NFP member); and, because they feel it would be difficult to translate the idea of forming an alliance with the LDP without holding elections, unless they have full confidence in creating a new majority force.

However, even within the LDP, there is a view that, "if the ruling coalition framework—the LDP, SDPJ, and Sakigake—should collapse, after general elections we should grope for possible cooperation with former LDP members within the NFP." In this way, the idea of seeking possible establishment of a conservative-conservative alliance is likely to remain smoldering as an incentive for further political realignment.

* Article Says NFP Will Not Survive

952B0079A Tokyo SEIKAI in Japanese Jan 95 pp 24-27

[Article by Makoto Aoyama, journalist]

[FBIS Translated Text] *The name of a new-new party was decided as the "New Frontier Party [NFP]" on 24 November. Inside the preparatory committee for the new party, however, there are signs of its demise and breakup. No one thinks that this new party would last long. There is a possibility that movements below the surface toward a new merger of conservatives may eventually lead to restructuring of the political world. Key actors here are Noboru Takeshita, Ichiro Ozawa, and Daisaku Ikeda. Following their strategies to restructure the political world, this article examines likely scenarios regarding a collapse of the NFP. (Honorary titles are omitted in the text.)*

A Wet Blanket at the Convention To Dissolve Shinseito

A convention to dissolve Shinseito was held on 16 November. From before 1600 that day, Dietmen and local assemblymen from all over the country began to file

in to the Constitution Hall in Chiyoda Ward, Tokyo. But even right before the opening ceremony was to begin, quite a few seats remained empty. An order was issued by someone, who looked like a person in charge of the convention: "Get those secretaries waiting outside and have them sit." The place eventually became full, but about 40 percent of the attendants looked like from the mass media. The conventioners seemed to be in their prime of life. There were no representatives from the young generation.

Keiwa Okuda, an adviser, made an opening speech, but probably because he was deeply emotional about the dissolution of the party, he spoke as if he were holding a wake. Tsutomu Hata and Ichiro Ozawa, president and secretary general of the party, respectively, read their speeches straight on from beginning to end although they occasionally stressed some words. There was no trace of enthusiasm that they were going to create something new. The clapping of hands at each pose during a speech thinned out. Moriyoshi Sato, an adviser and a chairman of the convention, made a motion: "I propose dissolution of Shinseito and participation in the NFP." The motion was approved unanimously, but even this process went on quietly.

Why was there a wet blanket over Shinseito? A person from the party explained as follows: "In the final analysis, even if we created a NFP, we are not sure how long it will last. The president and the general secretary will not be chosen soon. Depending on how they are chosen, unpleasant feelings may persist. Also, everyone has a different motive in joining the NFP. So, we all feel ill at ease about to what extent Shinseito will be able to take a leadership role, or if the party will be buried and forgotten. Presidents of other parties are seemingly upbeat, but they are worrying about their future as well."

The same was true during a preparatory meeting of opposition parties on the previous day (15 [November]). Because of the season, the topic of a conversation drifted to the beauty of changing leaves. Kunio Hatoyama from the former Reform Group initiated the topic by saying, "(Leaves change their colors) because buds for next year start to grow, and moisture doesn't get to those leaves." Because of his interest in nature-related subjects, such as home gardening and collecting butterflies, he related his intimate knowledge. Then, Yuichi Ichikawa, secretary general of Komeito, responded by drawing an analogy from the political world: "That's just like changing generations (in the political world)." Then, Masayasu Kitagawa, secretary general of the New Party Mirai [Future], expressed his anxiety by saying, "We may be suddenly cut off from moisture." He seemed to be worrying about "how long the colors of the leaves would last"—the longevity of the NFP.

This kind of a worry was exaggerated further by statements made by executives from various parties. For example, Mr. Ozawa related his prediction at a conference on administrative reform held by Keidanren [Japan

Federation of Economic Organizations] on 17 October: "Last year, we were divided between the Liberal Democratic Party [LDP] and non-LDP. Now, the makeup is different. I think there will be another restructuring of the political world before the next general election." Also, Keigo Ouchi, former chairman of the Japan Democratic Socialist Party [DSP], said, "I can't believe that the NFP is our final goal. Rather, I think a full-scale restructuring of the political world will take place after the next year's election for the House of Councilors. Therefore, if there are to be various changes after the NFP is formed, these changes will be based on various movements either on the level of each political party or of each Dietman."

Daisaku Ikeda, honorary chairman of the Soka Gakkai, who "controls" Komeito from behind the scenes, also stated at an off-the-record press conference in mid-September: "The Soka Gakkai is not all for the new party," and "my ideal goal is to form an LDP-Komeito government." He also said with conviction, "I don't know how long the NFP will last. It's a transitory party." In other words, Honorary Chairman Ikeda thinks nothing of the NFP from the beginning; he has been working on his own alternative strategy for restructuring. At present, therefore, no one believes that the NFP will last long.

Takeshita's Double-Edged Strategy and Ozawa's Weaknesses

Then, when and how will the NFP collapse? What can be likely scenarios for such a demise? An LDP insider points out: "Key persons who determine such scenarios are three individuals—Ichiro Ozawa, Noboru Takeshita, and Daisaku Ikeda. The way the party collapses will be determined by how political parties will interact with each other based on new conservative strategies of these individuals." He further predicts that "setups by these three individuals will motivate the Social Democratic Party of Japan [SDPJ] and of the LDP to break up, leading to new mergers among political parties." Former Prime Minister Takeshita, who had detached himself from LDP-based groups and factions, officially returned to the scene on 27 September. As a commander, he instructed Seiroku Kajiyama, former secretary general, from behind the scenes and was most instrumental in creating the Murayama administration. At present, he is trying to achieve a long-term stability of the coalition government of the LDP, SDPJ, and Sakigake by raising the morale of the SDPJ's leftists and preventing rightists of the New Democratic League from deserting the party. Also, as he has instructed Keizo Obuchi, LDP's vice president, and others say that dissolution of the Diet and general election would take place "two years from now," he seems "ready to wait out" for a collapse of the NFP party. Behind the scenes, however, this is not the case—Mr. Takeshita's double-edged strategy for a new merger of conservatives has been evolving.

1. Alliance of Takeshita and Ozawa—First Scenario for a New Merger of Conservatives

First is a plan for alliance with Ozawa's Shinseito. Takeshita and Ozawa have had deep-seated grudges against each other since June 1993 when Mr. Ozawa broke up the Takeshita faction's Keiseikai and formed Shinseito. Therefore, this scenario seems hard to believe, but due to emergence of an unexpected situation, it begins to look realistic these days. On the anniversary for the death of Mr. Takeshita's mother in mid-August, Mr. Ozawa visited Mr. Takeshita's residence and had a meeting with him. Ever since that time, Mr. Takeshita has changed his view on Mr. Ozawa and began to say to his associates, "What's bad is the people around Ozawa." Also, regarding the case of attempted blackmail to Mitsubishi Heavy Industries by former executives of the Yamaguchi-gumi, involving some arrests, Mr. Ozawa recently sought help from Mr. Takeshita.

Mr. A from a leading party points out: "In the case of 'dango' [bid rigging by collusion] talks on bridge construction, former executives of the Yamaguchi-gumi had blackmailed companies about 140 times. The case also presented suspicion over a possible involvement of Ichiro Ozawa. The prosecution is ready to conduct a thorough investigation of this case as a second case of suspicion over general contractors. Consequently, Ozawa sought advice from Takeshita, and these two individuals had a meeting over this case. As a result, they seem to have reached a decision to obliterate the suspicion by dissolving the Diet sometime between late December and January when the learning period for the redistricting is to end. I've been told that Takeshita will speak to Prime Minister Murayama, who has the right to dissolve the Diet."

According to Mr. A, Mr. Takeshita knows that candidates from the LDP itself are competing against each other in 40 voting districts, making it impossible for the LDP and the SDPJ to cooperate in their election campaigns, and therefore if the election takes place under the single-seat constituencies with a proportional representation system, the LDP will win big, and the SDPJ will sustain a crushing defeat. The NFP is also calling for "early dissolution of the Diet," but as it is not quite ready for election campaigns, it will not be able to increase the number of its seats in the Diet. Shinseito and Komeito, both of which have strong electoral bases, will most likely be able to increase their seats, but the Japan New Party [JNP] will suffer a destructive blow. Therefore, Messrs. Takeshita and Ozawa want to create a major alliance of conservatives (a new party).

As of October, Mr. Ozawa predicted that "there will probably be another restructuring of the political world before the next general election." But this prediction proved to be wrong due to his own involvement in the scandal—he had to revise his plan for restructuring of the political world through general election. And, therefore, his sudden approach toward Mr. Takeshita will have a major effect on how mergers of conservatives will take place. In other words, there will be a change in priority ratings among former Prime Minister Yasuhiro

Nakasone, whom Mr. Ozawa spoke highly of as one of the five best politicians in the Japanese history, Mr. Michio Watanabe, and others for possible mergers. Also, Mr. Takeshita seems inclined to believe that he can no longer keep sharing the governmental power with the SDPJ, which is on the verge of disintegration.

There is another factor that may affect the course of a new merger of conservatives, that is, Mr. Takeshita's attempt to prevent Kono from becoming the [LDP's] president. Mr. Takeshita created the Murayama administration, but he has not been able to control the government because Mr. Kono resides in the cabinet as a deputy prime minister and minister of foreign affairs. Mr. Obuchi, Mr. Takeshita's close associate, is strengthening his power within the LDP as the party vice president, but the existence of Mr. Kono is still problematic [for Mr. Takeshita]. Therefore, at the time of selecting [the LDP's] three top executives at a party convention on 19 January, Mr. Takeshita is planning to nominate Mr. Ryutaro Hashimoto of International Trade and Industry, another one of his close associates, as secretary general so that he can gain indirect control over the party.

Mr. Kono, on the other hand, is striking back frantically. In December, he suggested Prime Minister Murayama to reshuffle the cabinet; he wants to return to the party to focus his attention on internal affairs of the party.

A person from Shinseito points out: "He [Kono] installed Gotoda (former vice premier) as chairman of the party's committee to study basic problems so as to prevent Takeshita, the mainstream conservative, from taking over the party. By eliminating such party policies as "promulgating an independently written Constitution" from the party platform, he wants to change the party character to his liberal, dovish orientation, including the safeguarding of the Constitution.

"Conversely speaking, Kono is in a crisis situation. This is a proof that Takeshita is making progress in taking control of the LDP."

That being the case, the timing for a new merger of conservatives will be after an early dissolution of the Diet and general election. Or, it will be after a party convention. By then Takeshita will have strengthened his control over the LDP, or around September when election for the party president takes place at the expiration of the current president's term of office.

When that happens, Mr. Ozawa will be able to rejoin to Mr. Takeshita. Then, Mr. Kono and others in the anti-Ozawa camp will leave the party one after another to ally with a group of liberal Dietmen from other parties. Or, Mr. Kono and others may remain in the party, and Takeshita's group will make a massive departure from the party. In any event, the LDP will have a major breakup concurrently with a collapse of the NFP party.

During an interview with a national newspaper, Mr. Obuchi, who is always careful about his words and deeds

within the party, was asked if it would be possible to join hands with conservative parties on the basis of the constitutional issue. He responded first by saying, "I would like to go for new conservatism." Then, he added, "As we are at a time when we must work for the nation, I will even join hands with Shinseito, forgetting about our love and hate relationship in the past." He spoke of his true feeling about the possibility of reunion by clearly naming the political party without any hesitation.

This means that there is an ample possibility of a merger with the Watanabe faction and the Mitsuzuka faction, using "constitutional revision" as a just cause for a new merger of conservatives.

Alliance of Takeshita and Shinseito Without Ozawa

2. Alliance of Takeshita and Shinseito Without Ozawa—Second Scenario for a New Merger of Conservatives

If a merger of conservatives involves Mr. Ozawa, Mr. Kajiyama, who has been in the forefront of the anti-Ozawa movement, will feel uncomfortable. If that happens, it will certainly reduce the political power of Mr. Kajiyama, who built a "Yama-Yama [Murayama-Kajiyama] line" with Prime Minister Murayama during the time when he was chairman of the Diet Affairs Committee and worked hard for the creation of the Murayama administration. Therefore, there is a rumor that Mr. Ozawa may give Mr. Kajiyama the chairmanship in the Japan-North Korea Dietmen's League with interests over North Korea that has been under the domain of the Kanemaru-Ozawa line. But Mr. Kajiyama's true wish is to merge with Shinseito without Ozawa. He can "accept everything as long as Ozawa is not involved" (per a person from Shinseito).

Therefore, Mr. Kajiyama has been in close contact with former Prime Minister Hata. His objective is to break up the relationship between Mr. Ozawa and Mr. Hata so as to merge with Shinseito without Mr. Ozawa. Reportedly, he has been trying to entice Mr. Hata by saying, "Your cabinet didn't have to resign en bloc by listening to Ozawa," and "We have the same objectives, so let's try again." The key question is how Mr. Hata is going to respond to this enticement. But there is no prospect for the "Hata-Ozawa" line to occupy the posts of both party president and secretary-general in the NFP party because that would be tantamount to Shinseito's control. And, as Mr. Ozawa insists on his becoming the secretary-general, the relationship between the two individuals seems to be getting worse every day.

Mr. Kajiyama has also been trying to recruit Mr. Hajime Funada and Mr. Okuda, who frequently disagrees with Mr. Ozawa on political methods. For Mr. Takeshita, who is realistic and calculative, Mr. Ozawa simply represents one seat in the Diet; it doesn't matter whether Mr. Ozawa kowtows to seek assistance from him or not. The real issue here is that Mr. Takeshita is steadily developing his double-edged strategy so that he will be

able to deal with any situation, regardless of whether he will be able to gain the "number" [of Shinseito's seats].

Ikeda Aims for a Merger of the LDP, Shinseito, and Komeito

3. Control Over the Political and Religious Worlds Through a Merger of the LDP, Shinseito, and Komeito—Third Scenario for a New Merger of Conservatives

On the other hand, Komeito will take a two-step approach to breaking itself up in joining the NFP party. Chairman Ishida explains that a reason for this is that "we have already completed about 85 percent of our nomination process for the next year's unified local election." He says that the party will join the NFP completely after the unified local election or election for the House of Councilors. Therefore, Komeito seems to have decided also to continue its existence and reflect its own policies within the NFP. Here lies the reason for the following statement made by Mr. Kotaro Tawara, a political commentator: "The NFP will be taken over by them (the Soka Gakkai-Komeito)" (from "The NFP Is the Soka Gakkai Party" in the December issue of "Shokun").

But if we ignore the fact that Chairman Ikeda, a commander-in-chief, is a man of religion, we are far from the truth. In other words, what Mr. Ikeda wants to control are the religious world as well as the political world. This is like a story of Komeito and the Soka Gakkai taking over the country. Looking at this from the viewpoint of control over the political world, the plot seems obvious: Komeito can take over the NFP by sending a massive number of its employees to the party and converting its *KOMEI SHIMBUN* to the NFP's official bulletin. But if that's the case, it is not clear why Mr. Ikeda said, "I don't know how long the NFP will last. It's a transitory party." Also, it seems too easy to explain away as "dodging a summons of a witness" as the true meaning of Ikeda's statement: "My ideal is to form an LDP-Komeito coalition."

On this, an employee at Komeito's headquarters says, "There is no one who is clever enough to contemplate on the post-NFP era. The influence of our religious teachings has reached its limit. The current agenda for us is to come down to the ground and secure our foothold. So, we are extremely busy at our party headquarters, deciding on personnel assignments and changing our letterhead." However, Mr. B, an authority on religion and the political world, reads deeply into the situation as follows:

"The LDP that Ikeda wants to ally with is not Kono's LDP. In the past, Ikeda has supported the Kanemaru-Takeshita-Ozawa line. Everything seems moving along with the Ichi-Ichi [Ichiro Ozawa and Yuichi Ichikawa] line at the moment, but Ikeda also maintains regular contact with Obuchi and Takeshita. In short, Ikeda's aim is to ally Komeito with Takeshita/Obuchi's LDP and Ozawa's Shinseito."

Certainly, Mr. Ikeda didn't show any intention to reconcile his relationships with Mr. Kono, Prime Minister Murayama, and Finance Minister Takemura, who all attended as guests at an inaugural meeting (held in June) of "Shigatsukai," an ultrarightwing group that attacks the Soka Gakkai. Mr. B continues: "In a general election after dissolution of the Diet, the Soka Gakkai will probably support the Takeshita-Obuchi line in free voting districts. At the same time, it will extend its support to the Rissho Koseikai [a support group] and the Reiyukai [a religious group], trying to use this opportunity as a trigger for restructuring of the religious world. This is a coexistent policy for the religious world—of course, with the Soka Gakkai taking the leadership role."

If that happens, liberal Dietmen, who do not receive support from anti-Soka-Gakkai groups or such other religious groups as the Rissho Koseikai, will leave the coalition. In other words, political groupings will be formed according to whether or not each Dietman belongs to the Soka Gakkai or to a religious group that is connected to the Soka Gakkai. It will take some time to reach this point. But movement toward the "LDP-Komeito-Shinseito" alliance may also arise after general election following dissolution of the Diet, or when a cohesive power of liberal socialists and democrats suddenly strengthens and the members defect from the NFP, necessitating formation of a strong opposition party of conservatives.

With an Eye on Restructuring, Factions Within the NFP Will Intensify Their Fights Against Each Other

One factor for a breakup of the NFP that has already surfaced is formation of factions eyeing for another restructuring of the political world. Komeito will be dissolved for the time being at its party convention on 5 December. However, it still "needs some kind of a policymaking body to deal with election campaigns under the new [electoral] system and to discuss policy issues and the past struggles of Komeito because there are many freshman Dietmen" (per Chairman Ishida). The DSP will also be dissolved on 9 December, and will be transformed into an "Association of Democratic Socialists," which will inherit the party's local organizations. In both cases, the new organizations are factions in substance.

Also, the "Liberal Reform League," a four-party faction that was formed by defectors from the LDP, is going to keep its organization intact so as to keep a watchful eye on Shinseito-Komeito leadership. Representative Masuo Matsuoka from the JNP, which lost its roots, proposed that "we should merge into the NFP." But it seems inevitable to run into a tripartite deadlock among "Shinseito-Komeito," the "DSP," and the "LDP defectors."

In addition, activities at the "Young Dietmen's League To Promote Responsible Politics" (led by Takeshi Sasagawa), which was formed by Dietmen who had been elected three times or less, should not be ignored. This is

a political group created to exert pressure on the executive office of the NFP. It has two-thirds of the members from the preparatory committee of the new party. Also, the "Freshman Dietmen's Forum To Promote Unity" (led by Kenzo Yoneda), a group formed by Dietmen who had been elected once, is putting pressure on the executive office by proposing a system of public election of the party president. This organization is just like the "Radical Reform Group" within the LDP. As it has many party members without regard to factional affiliations, if it resorts to a unified action different from the executive office's that may lead to a collapse of the party.

In case the party is defeated in general election, and Honorary Chairman Ikeda begins to consider lightly of the Ozawa-Ichikawa line, Mr. Ozawa's influence will dwindle. Then, the cohesive power of the NFP itself will be lost, and political groups with "numerous" members will begin to liven up their nonpartisan activities. The LDP and the liberal new party will begin weeding out the members, leading to a major restructuring of the political world.

Currently, the SDPJ is in a tumultuous condition. Its left and right wings will break up in as early as January, and there is a prospect for forming a "New Democratic-Liberal Party" led by Messrs. Kubo and Yamahana and based on the New Democratic League.

If that happens, it seems certain that Dietmen from the DSP and the JNP—the combined number of seats is in two digits or less—will merge. Mr. Ouchi from the DSP points out: "Only about 56 percent of local assemblymen nationwide want to join the NFP. Many assemblymen are inclined to joining the socialist-democratic liberals, rather than being succumbed to conservatives."

Also, four Dietmen from the JNP, including Mr. Banri Kaieda, have already formed a "Democratic New Party Club," and began to cooperate with the New Democratic League. Reportedly, "there are still some Dietmen within the JNP who may want to join this new group" (per a person from an opposition party).

On the other hand, there is also a possibility that the "Liberal New Party" may join hands with the NFP through cooperation in election campaigns, deepening its relations with liberals within the party and forming another faction different in character within the party.

On 24 [December], the preparatory committee of the new party stated its party philosophy of "freedom, fairness, fraternity, and coexistence." It decided upon its party platform, which aims for "fair and efficient government" and creation of "a political party that encourages participation by citizens." All this seems rather ambiguous in contents.

The committee was not able either to uphold its stance on "constitutional revision" in its major policy agenda; instead, it glossed it over by using an expression, "constitutional debate," meaning that it would carry out

discussion on the Constitution not as a taboo subject. With regard to UN peacekeeping forces (PKF), it also saved appearances by using such an iridescent expression [amenable to change according to situations] as, "We will proceed with our study on this matter, including the lifting of the freeze."

It seems certain that the party, which came into being for election-campaign purposes and couldn't reach a consensus on policy issues, will change its alignment again. As mentioned above, the NFP is subject to various forces, and it seems destined to collapse and break up in the near future.

* Postal Workers Union Active in SDPJ Split

952B0115A Tokyo SENTAKU in Japanese Feb 95 pp 114-115

[FBIS Translated Text] As the "central figure" in the ruckus surrounding the creation of a new party representing a renegade element from the Social Democratic Party of Japan [SDPJ], former SDPJ Chairman Sadao Yamahana is referred to as being "identical to Nobita, a character in the popular animated cartoon Doraemon."

Yamahana's timid, boyish face with glasses makes him look like Nobita, but Yamahana is also similar to Nobita in that although a weakling he persists in audibly repeating substanceless principles. Moreover, he is identical in that he is surrounded by a terrifying mama and the bully Gian.

I would say that former Chairman Makoto Tanabe functions as the bossy matriarch and that Japan Postal Workers' Union Chairman Noritaka Ito plays the role of Gian. Among sources with the SDPJ and labor unions, the view is that "The real strategist behind the new party movement are these two individuals, while Yamahana merely performs exactly as choreographed in the script."

Persistent Rumors That Chairman Ito Will Be Relieved

According to labor union sources, each time Yamahana makes a move concerning secession from the SDPJ, he forwards a report by fax to Chairman Ito. There is the story that when he had a discussion with Prime Minister Tomiichi Murayama and SDPJ Secretary Wataru Kubo, Yamahana sent a fax but the lack of any response caused his associates to burst out in deprecating laughter.

Labor unions which have supported the new party row since the fall of last year include the seven unions known as the Japan Postal Workers' Union, Japan Telecommunications Workers' Union, All Japan Federation of Electric Machine Workers' Union, Federation of Electric Workers' Union of Japan, Japan Federation of Textile Workers' Unions, Confederation of Japan Automobile Workers' Unions, and the Japanese Federation of Iron and Steel Workers' Unions, with the Japan Postal Workers' Union playing the most prominent role.

However, some SDPJ members who are numerous among regional headquarters officers of the Japan Postal Workers' Union oppose the undisguised support of the new party movement and the observation is frequently made that we will witness a "repeat of the downfall of Takaragi of 24 years ago" at the central committee meeting to be held on 6 and 7 February. Even among leaders of the Liberal Democratic Party [LDP], rumors indicate that "matters are not going smoothly between the chairman and the secretary of the Japan Postal Workers' Union."

One source who is well-informed of movements in the regional structure of the Japan Postal Workers' Union makes an eerie prediction in saying, "Chairman Ito's high-handed move to establish a new party is faced by total rejection on the part of the regional structure. He has run off on a tangent without any decisions on the part of the union and he must seek approval from the central committee. The lower echelons are waiting to challenge him, so it's not going to be an easy matter."

It was at the General Council of Trade Unions of Japan [Sohyo] central committee meeting of February 1971 that Chairman Fumihiko Takaragi, who was considered to be the rightist leader advocating a unified labor front in opposition to leftist Sohyo Chairman Kaoru Ota and Secretary Akira Iwai, was forced to resign from his position.

The direct reason for the resignation of Takaragi was the rejection of the headquarters proposal seeking approval of a compromise, because the settlement on the "prior year-end struggle" disregarded the wishes of the union members. The executive department considered the rejection as a vote of no-confidence and resigned as a group at the special rally held in March of that year, but the disapproval of the compromise was enshrouded by circumstances such as the heightened antagonism of lower echelon union members against Takaragi for running off on a tangent concerning the unified labor front issue and for having plotted the downfall of rival Akira Iwai.

The view that "a price will have to be paid" emanates from the analysis that the current situation—in which a specified official has run off on a tangent, has taken personal advantage of the organization, and the lower echelons of the union have risen in opposition—is very similar to that which existed 24 years ago. There's also the view that "The situation cannot be glossed over because of the forthcoming unified local elections and the House of Councilors elections," but 1971 was also an election year.

The labor union's plot addressing the SDPJ rightist New Democratic Alliance chaired by Yamahana was persistent in demanding "withdrawal from the SDPJ." In August, the chairmen of the seven labor unions including the Japan Postal Workers' Union proposed, "We will support you if you were to withdraw from the SDPJ," and applied pressure repeatedly in September and October just before the establishment of the New Frontier Party, saying, "Make yourself clear about establishing a new party."

At that time, there was an unwillingness to make a decision by the New Democratic Alliance and the idea of a new party was about to evaporate, but the idea was rekindled in November in such comments such as "withdrawal from the SDPJ within the year" and "establishment of a new political faction before the next regular Diet session." In response, the LDP tried to restrain such movements by displaying the posture that it would table the issues of privatizing the postal service and breaking up NTT, issues that are disliked by the Japan Postal Workers' Union and the All Japan Telecommunication Workers' Union.

The cabinet conference on 13 January served as a stage for nakedly displaying the LDP's desire to undermine the unions.

Minister of Education Kaoru Yosano triggered a controversy by saying, "There is no advantage whatsoever in deregulating interest rates applicable to postal savings. The Ministry of Posts and Telecommunications [MPT] should engage in the breakup of NTT as part of the reform of foundations," while Minister of Home Affairs Hiromu Nonaka divulged his true colors in commenting, "Such arguments are expressed because the Japan Postal Workers' Union and the All Japan Telecommunications Workers' Union have indulged in political diversions."

Shun Oide, former member of the Japan Postal Workers' Union and current minister of posts and telecommunications, has taken a position in support of Prime Minister Murayama and has taken a clear-cut position of not joining in the new party concept even at a meeting of Diet members who were former members of the Japan Postal Workers' Union. The cabinet conference closed with the MPT statement that the "management form of NTT and the status of the labor movements are two unrelated matters," but the statement exposed the fact that LDP impatience with labor union intervention has intensified.

An inscrutable factor for an outsider is the matter of why the Japan Postal Workers' Union and the All Japan Telecommunications Workers' Union have engaged in such a tenacious "plot to split the SDPJ." Although they speak of the formation of a new party, there is no visible spread of public opinion in favor the movement and they should not be unaware of the fact that there is no response whatsoever from Diet Members of Sakigake [Harbinger] or former Democratic Socialist Party.

The 15 January MAINICHI SHIMBUN carries an analysis that it appears the Japan Postal Workers' Union which plans on making Chairman Ito a candidate for the House of Councilors under the proportional district system has decided that "it will be impossible to make him a winner as a nominee from the SDPJ on the proportional representation list" and is building a strategy of making him a winner as a nominee from the new party.

If that is the case, it would mean that Chairman Ito has initiated a split in the SDPJ as part of his own election

strategy, but it would be difficult to sustain a ruckus for as much as one-half year just for that purpose. It appears, after all, that his movements represented a "new party movement" involving the organizational interests of the Japan Postal Workers' Union and the All Japan Telecommunications Workers' Union and that Ichiro Ozawa lurks in the background.

Relationships between Chairman Ito and Ozawa are fairly extensive. After the Japan Postal Workers' Union, which had advocated a "long-term public resistance policy line" as a central theme for the Sohyo government workers' unions, converted to a flexible policy line in 1979, it was in 1985 that it saw the heightening administrative reform mood and movements associated with the breaking up and privatization of the National Railways and initiated a move to engage in an all-out policy of collaboration with the posts and telecommunications authorities.

It was Ito who as Planning Department chief and secretary supervised the policy change. It was about that time that Ozawa had begun to gain prominence as a young leader in the Tanaka and Takeshita factions and was becoming an LDP Posts and Telecommunications *zoku*. It was probably only logical that Ito, who aspired to create a new Japan Postal Workers' Union, and a powerful young Posts and Telecommunications *zoku* would become inseparable friends.

Troubling "Mutual Aid Association Problems"

Those who know Ito uniformly say that the two share similar characteristics. "They speak bluntly about direct approaches," "They are simple-minded and tend to become strongly obsessed with a given idea," and "They are nondescript personalities." Each of these statements reflects a trait which is common to both individuals.

It is impossible to verify the timing, but it is said that the two individuals mutually pledged "I will break up the LDP and initiate a new political format" and "I will cut off the leftists and destroy the old SDPJ." It cannot be said that the prominent role played by the Japan Postal Workers' Union does not reflect any aspirations for a new political format.

However, there are comments being made which say that relationships between the two are not always completely clean as each shoulders responsibilities for the interests of his individual organization. One such problem referred to quietly by sources includes the reckless management of the Posts and Telecommunications Mutual Aid Association which is jointly funded by the Japan Postal Workers' Union and the MPT.

The mutual aid association is a foundation whose mission is to administer to the welfare of MPT employees, but in May 1994 Koshin Trading Co., a wholly owned subsidiary, declared bankruptcy and the mutual aid association now faces the need to amortize 71.1 billion yen in liabilities which total about 100 billion yen.

Reckless management by the part of the mutual aid association had become an issue from about 1991. There are signs that Ozawa and Tanabe from the political world, the MPT authorities, and the Japan Postal Workers' Union have worked closely in the process of developing a measure to cope with the issue, and that the Japan Postal Workers' Union has become deeply involved in the new party controversy because "it has a debt to repay."

There are no data to substantiate the foregoing assumption at this time. However, it is a fact that many comments are being made which question the high-handed new party strategies being taken by the Japan Postal Workers' Union.

Professional in Attack on NPA Chief Suspected

OW3103024295 Tokyo KYODO in English 0230 GMT
31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Police, piecing together the details of Thursday's [30 March] shooting of National Police Agency chief Takaji Kunimatsu, suspect the attack may have been the work of a professional hitman, investigation sources said Friday.

Pointing out that three of the shots that hit Kunimatsu were fired from about 20 meters away, investigators believe that the gunman was experienced in handling the .38 caliber revolver that seriously injured the 57-year-old police chief.

The gunman's quick escape and his knowledge of Kunimatsu's residence also indicate the work of a pro, police said.

Kunimatsu was shot in the stomach, back and thigh by a masked man immediately after he left his condominium in Tokyo's Arakawa Ward at 8:25 A.M. Thursday to go to work.

He was taken to hospital, where he underwent emergency surgery and is reportedly in serious but stable condition.

The police manhunt for the assailant continued Friday with investigators gathering the statements of witnesses, who said they saw a suspicious looking man in black pants and coat wearing a hat and hygienic mask.

Witnesses said they also remember seeing a suspicious van in the area the day before the attack, and a man resembling the assailant was putting up Aum Shinrikyo stickers in the vicinity of the condominium, according to police.

Since taking office in July last year, Kunimatsu has led a police crackdown on organized crime and was also in charge of the ongoing raids on the facilities of the religious sect Aum Shinrikyo, currently suspected of plotting murder by preparing toxic chemical agents,

including substances used in making sarin, the poison used in last week's lethal attacks on Tokyo subways.

On Thursday, police went on emergency alert within 30 minutes of the shooting but the gunman, who fled by bicycle, eluded capture.

Investigators said they think he may have pedaled to a nearby railway or subway station to escape by train or may have fled in an automobile that had been parked nearby.

Since Kunimatsu's address is generally not available to the public, investigators said they suspect that the gunman may be associated with some groups familiar with the working details of police operations.

An anonymous caller telephoned Tokyo-based newspapers and TV stations Thursday, saying the chief of the Tokyo Metropolitan Police Department will be the next target unless police stop their raids on Aum Shinrikyo, officials said.

The sect, however, denied any involvement in the incident, saying in a statement that "some TV news reports are using expressions which can give the impression that Aum Shinrikyo committed the shooting."

There is also speculation that Kunimatsu might have been targeted by organized crime for his role in mapping out the antigang law as some 170 companies were holding shareholders' meetings Thursday.

The law prevents crime gangs from extorting money from corporations by threatening to disrupt the meetings.

Hollow-Point Bullets Used

OW3103152295 Tokyo KYODO in English 1445 GMT 31 Mar 95

[FBIS Transcribed Text] Tokyo, March 31 KYODO—Powerful "hollow nose" magnum bullets were used in Thursday's [30 March] shooting attack against Japan's top police officer, police sources said Friday.

Military use of this type of bullet is prohibited by an international treaty because it is considered "inhuman."

The bullets used against Takaji Kunimatsu, chief of the National Police Agency, were made even more deadly by sharply notching the heads, the sources said.

It is, however, not so difficult to obtain "hollow nose" bullets because they are used in shooting competitions, the sources said, although such bullets have never before been used in crimes in Japan.

The gun used by the masked man who shot Kunimatsu in front of his condominium in Tokyo was a black .38 caliber revolver with a long barrel, according to the sources.

Investigators suspect the perpetrator was a professional terrorist who received military training overseas.

Meanwhile, Prime Minister Tomiichi Murayama visited the hospital in Tokyo where Kunimatsu is receiving treatment.

Murayama asked Kunimatsu's family, including his wife Hiroko, about his condition.

The prime minister told them he would make every effort to have the culprit arrested.

"He appears to be recovering well, but I am still worried," Murayama told reporters later.

Other government officials, including chief cabinet secretary Kozo Igarashi, also visited the hospital, which was under strict police guard.

North Korea

ROK Urged To Not Obstruct Framework, Japan Talks

SK3103103395 Pyongyang KCNA in English 1017 GMT 31 Mar 95

[“S. Korean Puppets Must Not Obstruct Implementation of DPRK- U.S. Framework Agreement and Resumption of DPRK-Japan Talks”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The South Korean puppets recently held “high-level policy consultative conferences” with the United States and Japan one after another and cried for “international cooperation system” to do harm to the North as regards the implementation of the DPRK-U.S. framework agreement, according to a report.

In crying again for the “international cooperation system” that already ended in failure, the South Korean puppets seek to poke their nose into the implementation of the agreement by all means and put the brake on the resumption of the talks for the normalisation of diplomatic relations between the DPRK and Japan. This is the manifestation of the unpardonable anti-national criminal act.

The puppets told a “South Korea-U.S. high-level policy consultative conference” in Washington that South Korea should play a “pivotal role as a main contractor in providing light water reactors to the North”, while crying for intensifying “international cooperation system”. By doing so, they revealed their ulterior intention to involve themselves in the implementation of the DPRK-U.S. agreed framework.

This is because they are vexed at their abortive attempt to lay a stumbling-block in the way of the DPRK-U.S. negotiations.

As already known, the responsibility and authority for the implementation of the agreement rest with the

DPRK and the United States. The two countries still remain in charge of the matter.

The agreement is a commitment between the two countries. So, there is no ground and justification for the South Korean puppets to involve themselves in its implementation.

This notwithstanding, the South Korean puppets are trying to be involved in the matter between the DPRK and the U.S. this is an obtrusive act and will only hinder and complicate the implementation of the agreement.

No matter what desperate efforts the puppets may make they cannot involve themselves in the matter between the DPRK and the U.S. and their criminal attempt to put the brake on the implementation of the agreement will certainly be shattered to pieces.

It must not go unnoticed that the puppets are trying to block the resumption of the talks for the normalisation of diplomatic relations between the DPRK and Japan.

They are letting out ridiculous utterances as regards the resumption of the DPRK-Japan negotiations, contending that "It is not proper to send a delegation of the three ruling coalition parties of Japan" to the northern half of Korea and that "it will give the North an excuse to avoid inter-Korean dialogue".

Such utterances of theirs are a crafty trick to block the resumption of the DPRK-Japan talks for the normalisation of diplomatic relations as well as the relations between the Korean and Japanese peoples. The recent visit to the DPRK by the delegation of the three ruling coalition parties of Japan on a mission to resume the talks for the improvement of the relations between the two countries which had started in accordance with the historic three-party joint declaration was a praiseworthy thing, which arouses sympathy from unbiased public opinion.

The agreement for the resumption of the DPRK-Japan talks was published in Pyongyang on March 30. This is one more milestone for the normalisation of diplomatic relations between the two countries and a favourable aspect of developments.

The South Korean puppets, however, hate this and are frenziedly trying to block it. This clearly shows that the dastardly act of the Kim Yong-sam group regarding treachery as its mode of existence has reached the extreme.

The South Korean puppets are trying to obstruct implementation of the DPRK-U.S. framework agreement by involving themselves in it and block the resumption of the DPRK-Japan talks for the normalisation of diplomatic relations. This is an anachronistic act of those going against the trend of the times.

The anti-national sycophantic treacheries of the Kim Yong-sam group to do harm to the fellow countrymen will certainly face a stern judgement by the fellow countrymen.

EU 'Concerned' at Restriction on IAEA Monitors

*AU3003203595 Paris AFP in English 2013 GMT
30 Mar 95*

[FBIS Transcribed Text] Vienna, March 30 (AFP)—The European Union voiced its disapproval Thursday [30 March] over restrictions imposed by North Korea on a team of inspectors checking its power stations.

Diplomats said the EU was "very concerned" that International Atomic Energy Authority (IAEA) experts were unable to carry out a full range of checks under the terms of an accord reached between North Korea and the US in October.

The criticism came after IAEA director general Hans Blix told IAEA governors the team was unable to measure either liquid waste in a laboratory in Yongyan, in the north, or the level of plutonium coming from its five-megawatt reactor, discharged last year without independent monitors.

However, further talks were planned between the IAEA and North Korea in the next few months, Blix told the IAEA council Thursday at the end of a four-day conference here.

For its part North Korea, which enjoys "special status" on inspections, said the team currently in the country to supervise the "freezing" of its graphite reactors were not mandated to do so by the accord.

On other matters, governors said countries were responsible for the control and protection of nuclear material. They voiced "concern" over its illegal trafficking and backed a plan to establish a data bank of nuclear contraband.

A diplomatic source said there was sharp debate on proposals by the IAEA's secretariat to toughen checks by using environmental data such as vegetation, water and air, increasing inspections and introducing spot checks.

Discussions centred on the technical, financial and legal aspects of tougher checks in the light of talks due in New York in April on prolonging the Nuclear Non-Proliferation Treaty.

U.S. Plan for New Military Maneuvers Decried

*SK3103101395 Pyongyang KCNA in English 1005
GMT 31 Mar 95*

["U.S. Move for Military Pressure Under Fire"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—Papers here today say that the announcement of a U.S. plan for launching a new military manoeuvre in two months allegedly to make up the "blank" of the suspended "Team Spirit" joint military manoeuvres in South Korea is little different from a declaration of the actual resumption of the "Team Spirit" manoeuvres.

The U.S. attempt to stifle the Democratic People's Republic of Korea with military power still remains unchanged, a NODONG SINMUN analyst says, and goes on:

The United States nullified its plan for phased pullout of its forces from South Korea and has shipped more combat equipment into South Korea. While giving top priority to the collection of intelligence of the DPRK, it is discussing "its involvement in a Korean war." This is intended to stifle the DPRK militarily.

To this end, the United States is ignoring the spirit of the DPRK-U.S. framework agreement. All the military manoeuvres staged by the United States in South Korea involved huge quantities of nuclear weapons. The planned war exercise cannot be exception.

We cannot but sharpen vigilance against the anti-DPRK military manoeuvre planned by the United States going against the spirit of the agreement at the time when it is on a phase of implementation. The manoeuvre may cause a grave, unexpected situation.

U.S. military pressure does not work on the DPRK at all.

MINJU CHOSON in a signed commentary says it is a ridiculous illusion for the U.S. imperialist bellicose elements to put military pressure upon the DPRK for getting something from it, contrary to the spirit of the DPRK-U.S. framework agreement. It will tally with the current of the times and will be good for the United States to sincerely implement the agreement concluded with the DPRK, adds the paper.

MINJU CHOSON Criticizes Kim Yong-sam's Remarks

SK3103105395 Pyongyang KCNA in English 1037 GMT 31 Mar 95

["Warmaniac's Fit"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The traitor Kim Yong-sam at a "graduation ceremony of the Airforce Academy" on March 28 clamoured for "stern punishment" and "warning", saying that the North made remarks "menacing peace" and "slandering" South Korea.

MINJU CHOSON today says the traitor Kim Yong-sam's utterances are meant to extricate himself from a miserable position in which he is condemned and rejected at home and abroad for his anti-national, anti-reunification moves, which reminds people of a thief crying "stop thief!"

The analyst points out:

For the traitor to raise a hue and cry over "slanders" is the height of impudence.

It is not us but the puppets who slander. Who begged for "sanctions" and "cooperation system" as a shock brigade of a nuclear campaign designed to do harm to the

fellow countrymen, making much ado about the fictitious "nuclear threat from the North"? Who went from one place to another, flinging mud at someone to obstruct the DPRK-U.S. talks? The puppets are now recklessly trying to poke their nose into the implementation of the DPRK-U.S. agreed framework, absurdly provoking the North. They are straining themselves to shift the blame for "slanders" on to another because they feel guilty.

The traitor Kim Yong-sam spins out the trash getting on our nerves almost every day. This indicates that the war hysteria of the warmaniac in plain clothes has reached the extreme pitch and he may ignite a war any moment.

But, the traitor Kim Yong-sam must clearly see that if he unleashes a war, he will get nothing but death.

ROK Group Urges End to Status of Forces Pact

SK3103113095 Pyongyang KCNA in English 1044 GMT 31 Mar 95

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The members of the Pusan Federation for Democracy and National Reunification in South Korea reportedly called at the "American Center" in Pusan on March 16 and lodged a protest against the U.S. Government.

The visit came as part of the activities for inheritance of the spirit and restoration of national sovereignty to mark the lapse of 13 years since the arson of the "American Cultural Center" in Pusan.

The protest demanded that the South Korea-U.S. "Status-of-Forces Agreement," a source of inequality and contradiction between South Korea and the United States, be abrogated and that human rights violations be stopped.

Pak Nam-ki Speaks at Anti-Kim Yong-sam Rally

SK2903143095 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 28 Mar 95

[Speech by Pak Nam-ki, chairman of the Pyongyang Municipal Administrative and Economic Committee, at a mass rally held at the Central Youth Center in Pyongyang on the afternoon of 28 March—recorded]

[FBIS Translated Text] Comrades: Today we gathered here with unbearable surging indignation over the stabbing once again by the traitorous Kim Yong-sam ring, which committed an unpardonable anti-humanity savage act on the occasion of the fellow countrymen's unfortunate incident, and which has an unpacifiable grudge, justifying its unpardonable savage act.

As is known, on 22 March the traitor Kim Yong-sam challenged every Tom, Dick, and Harry, including the minister of the puppet National Unification Board, that their attitude was quite appropriate in dealing with our unfortunate incident last year; the real intent of the remark should be clarified.

The reckless words of the South Korean ruling bunch causes all the Korean people's surging indignation to explode. When all fellow countrymen were lamenting with deep sorrow, the Kim Yong-sam ring committed the most mean and most vicious anti-humanity savage act, enraging the people of the world. Even today, the Kim Yong-sam ring is attempting to justify their act. How can we forgive their detestable malicious outburst!

That the behavior of the South Korean authorities during our unfortunate incident last year was wrong is not the opinion of one individual, but reflects the public sentiment of South Korea which expressed true condolences over the fatherly leader's passing as well as contains the fair conscience of the world.

The unexpected passing of the great leader Comrade Kim Il-song—the peerless patriot, the sun of the nation, and the lodestar of national reunification who devoted his life to the growth, prosperity, and reunification of our country and our fatherland as well as to the cause of the independence of mankind—was the greatest loss of our nation and of all mankind, an incident of unprecedented greatest sorrow. Therefore, students and people from all walks of life of South Korea, who were sunk in deep sorrow at the shockingly sad news of the great leader's passing, set up incense-burner stands at various places, despite the grim atmosphere of fascist suppression; expressed their condolences; and hurried on their journey to the North in the face of bayonets.

A mankind of over 5 billion people expressed condolences on the fatherly leader's passing, and some 500 heads of state and government, party leaders, public organizations, and figures of various circles from some 170 countries of the world sent us 5,000 condolence messages of deep sorrow.

Nevertheless, instead of following the proper duty and good manners which they should demonstrate as fellow countrymen, and in particular as a dialogue partner, the Kim Yong-sam ring challenged their fellow countrymen in national mourning with an emergency alert order, committing the infuriatingly savage act of arresting, detaining, and suppressing the South Korean students and figures from various walks of life who expressed condolences. Nevertheless, the Kim Yong-sam ring still justifies their anti-humanity act, describing it as proper. This well shows that they are no better than beasts wearing human skin.

By attempting to justify the unpardonable crime once again, the South Korean ruling bunch built up an enormous crime on top of the crime they have already committed, and openly demonstrated they do not have the slightest will to reconcile as a nation or to undertake dialogue with their fellow countrymen, and that they do not have the slightest intention to change their hostile and anti-national attitude toward us, their dialogue partner.

Rather than apologize for their criminal acts, on the contrary, the South Korean ruling bunch politicized the

issue on the etiquette of condolences. Therefore, it is inevitable for us to take strict measures on the threatening and intimidating of the people.

Originally, even before politics and ideology, the issue of expressing condolences is one of morality and of the nation's good morals and manners, which were observed by our ancestors generation after generation. Nevertheless, the South Korean ruling bunch picked a quarrel, saying we should reveal the truth of the remark. This stems from their insidious attempt in plotting to harm and suppress political rivals and the people, and to expand this issue toward ideological confrontation between the North and South by regarding the expression of condolences as an issue of color.

Today, the Kim Yong-sam ring recklessly enumerates absurd remarks which arouse indignation from the entire nation, indiscriminately running amok. This is related to the serious crisis in their ruling that has reached an extreme.

When the historic North-South high level talks were right around the corner, and when the new prospects for the fatherland's reunification seemed rosy, the situation was completely clouded due to the traitor Kim Yong-sam's anti-humanity acts. Thus, North-South relations fell into a worse situation than ever seen before.

The entire nation of the North, South, and overseas expressed deep worry over such a situation created in the country; condemned the Kim Yong-sam ring—the ring-leader—as an ugly person with an existence like a national cancer that does not know moral principles and politics; and voiced criticism and denunciations toward the traitor. Moreover, contradictions and friction from within the ruling class reached a climax. There were ceaseless dog fights of biting at each other; here all kinds of social evil were inundated. Thus, South Korea was indeed turned into a ghastly living hell.

Therefore, people from all walks of life in South Korea strongly claim that the traitor Kim Yong-sam, who brought society to such a situation, must be immediately driven from power. The Kim Yong-sam ring is trying to find a way out of this through fascism and anti-North confrontation.

The fascist clique is committing tyranny by driving the righteous people in South Korea who demand independence, democracy, and reunification as elements allied with communism, arresting and punishing them. They are also viciously carrying out commotions of anti-North confrontation, opposing us more than ever before.

By conspiring with outside forces, the South Korean ruling bunch are not only carrying out war exercises to invade the North, opposing their fellow countrymen daily, but are bustling to visit their master to plot the harm and oppression of their fellow countrymen.

The traitor Kim Yong-sam recently appeared at the so-called commencement of the Military Academy, and

groundlessly found fault with us and enumerated absurd remarks of so-called punishment and retaliation. How can the traitor Kim Yong-sam, who crazily runs amok to oppress his fellow countrymen by borrowing the strength of outside forces and instilling confrontation, be regarded as a man of reason, a fellow countryman sharing the same blood, and the dialogue counterpart for national reconciliation and unity?

All facts once again clearly show that if the treacherous Kim Yong-sam clique is left alone, we cannot achieve national reconciliation and unity; the country's peace and reunification cannot be achieved; and our nation's inherent good morals and manners cannot be abided by.

In the name of this mass rally, and with burning national indignation, I sternly denounce the Kim Yong-sam ring that is driving North-South relations to a ruinous phase [pagukchok kungmyon] and that is creating more severe obstacles to national reconciliation and the fatherland's reunification, while more undisguisedly showing a hostile attitude toward us instead of apologizing, however late, for the great sin they committed before the nation. [applause]

It is our nation's shame to have such a traitor and immoral scoundrel as Kim Yong-sam in our 5,000 year-long national history. The Kim Yong-sam ring, that has already given up not only being fellow countrymen but being human beings, is a group of savages with whom we cannot live together; it is the entire nation's unanimous intent to remove these scoundrels.

Now the Kim Yong-sam ring has no honor to face their fellow countrymen, nor the right to talk about dialogue. Our people shudder at the mere mention of the name Kim Yong-sam, cursing the national traitor and being intent on working off their grudge against him. They will never forgive the traitor Kim Yong-sam, and will make him pay dearly for his sins.

The Kim Yong-sam ring should shoulder due responsibility for the fact that, because of its anti-national sin, North-South relations have unprecedentedly been worsened and the prospect for the fatherland's reunification has become clouded.

Today, our nation is faced with the serious question as to whether we can deter and destroy the South Korean authorities' anti-dialogue and anti-reunification maneuvers and achieve reunification in the 1990's, or whether we will maintain the confrontation and division.

The great leader Comrade Kim Il-song taught: We should break through the current difficult situation by any means, and open a new way to peace as well as independent and peaceful reunification of the country.

In order to achieve reunification in the 1990's, and thus uphold the great leader's lifelong intent, we should remove the group of national traitors in South Korea. South Korean youths, students, and people from all walks of life should all rise up and more vigorously

struggle to establish a new independent and democratic regime in South Korea, overturning the fascist Kim Yong-sam clique that blocks reconciliation and unity between the North and South and that has created obstacles to the fatherland's reunification.

All people in the northern half of the Republic should effect new miracles and innovations at all fortresses of socialist construction, upholding our party's revolutionary economic strategies. By doing so, they should meaningfully glorify this year, the 50th anniversary of the founding of the party and the 50th anniversary of the fatherland's liberation, as a historic year that will long shine in the annals of the fatherland.

As long as the respected and beloved General Kim Chong-il, the destiny of the fatherland and the nation as well as a brilliant symbol of all victories and glories, and his outstanding and seasoned leadership exist, the cause of the fatherland's reunification is invincible. [applause]

Let us all unite more firmly around General Kim Chong-il, the great leader [yongdoja] of our party and people, and vigorously struggle to hasten the independent and peaceful reunification of the fatherland by sternly smashing the South Korean rulers' anti-national, anti-reunification, and anti-dialogue maneuvers. [applause]

Kaesong Meeting Denounces 'Kim Yong-sam Group'

SK3103043095 Pyongyang KCNA in English 0422 GMT 31 Mar 95

["Kim Yong-sam Group's Anti-Ethical Crime Denounced"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—Working people in Kaesong municipality held a mass meeting on Thursday to denounce the anti-ethical and anti-national crime of the Kim Yong-sam group.

The speakers at the meeting, including Kim Il-san, chairman of the Kaesong Municipal Administrative and Economic Committee, said in indignation that the Kim Yong-sam group lashed the world people into fury by committing a most despicable and wicked behaviour at the time when the entire fellow countrymen were in bitter grief at the loss of the tender-hearted father of the nation last year and this time again made base utterances of justifying its savage deed.

They continued:

The Kim Yong-sam group justified itself, describing its anti-ethical crime as a "proper step", which shows that it is a group of beasts in human skin.

They charged that the Kim Yong-sam group is arresting right and left and punishing the righteous people in South Korea calling for independence, democracy and

reunification, labelling them as "pro-communist elements", while more viciously conducting the provocative acts against the northern half of Korea along the Military Demarcation Line.

All facts clearly show that if the traitor Kim Yong-sam clique is left intact, we can neither realize the reconciliation and unity of the nation nor achieve the peace and reunification of the country. The Korean people will never pardon the traitor Kim Yong-sam but make him pay dearly.

KCNA Cites Former ROK Premier's Remarks

*SK3103042095 Pyongyang KCNA in English 0415
GMT 31 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The former South Korean "Prime Minister", No Chae-pong, on March 29 said the "globalization" raised by the traitor Kim Yong-sam is "no more than a fantastic dream", a Seoul-based radio reported.

He told this at a public forum in which he showed up for the first time after breaking with the "Democratic Liberal Party".

He sharply criticised the present "government" arguing that the traitor Kim Yong-sam's "globalization" is nothing but a political propaganda", said the radio.

South's 'Active Election Campaign' Denounced

*SK3103041995 Pyongyang KCNA in English 0413
GMT 31 Mar 95*

["Dastardly Charity Offensive for 'Election'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The traitor Kim Yong-sam and his clan are touring different parts of South Korea to take a charity offensive to win popularity. This fully indicates that they have entered an active election campaign for "return" of their hirelings in forthcoming "local autonomous election", a news analyst of NODONG SINMUN today says, and continues:

"Clean election" and "fair election" on the lips of Kim Yong-sam are nothing but an empty slogan and honeyed words to mislead the public opinion and cover up frauds and swindles, and violent "election" and fraudulent "election".

Clean election cannot be expected from Kim Yong-sam who took power by means of fraud and swindles and has prolonged his remaining days with corruption and irregularities.

The traitor Kim Yong-sam is now busy with his local trips to make frivolous "commitments", oblivious of his face of "president". This is a smear campaign to create a favourable condition for making his servants "win the election".

The "Democratic Liberal Party" clan raised an issue of "amendment of the law on political fund" with their intention to turn the forthcoming "election" into an irregular and corrupt one. They are now forming private organisations of "election" campaign prohibited by the law and are giving money and other articles to people in an attempt to win "election".

The Kim Yong-sam group asked Kim Tae-chung to make clear his real intention when he reprimanded the anti-ethical crime committed by it over the misfortune of the fellow countrymen in the North. This indicates that it intends to repeat the method by which it had defeated its rival and created a favourable condition for the last "presidential elections" with the "colour theory".

The Kim Yong-sam group talking about "fair elections" and "clean elections" while committing "election" frauds and swindles is the shameless and dastardly human derelict.

ROK Trade Unions To Begin 'Joint Struggle'

*SK3103112995 Pyongyang KCNA in English 1042
GMT 31 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—Forty trade unions affiliated with the Pusan-Yangsan Federation of Trade Unions in South Korea reportedly formed a headquarters for joint struggle on March 17.

The headquarters announced that it would wage a joint struggle for wage hike and against the evil labor law and strengthen labor disputes and other joint struggle in the period from mid-May to mid-June which it set as a period for all-out struggle.

FUNCINPEC Chief Sends Thanks to Kim Chong-il

*SK3103111695 Pyongyang KCNA in English 1021
GMT 31 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The great leader Comrade Kim Chong-il received a letter of thanks sent by General Secretary of FUNCINPEC [National United Front for an Independent Neutral, Peaceful, and Cooperative Cambodia] Party Norodom Sirivut upon winding up his visit to Korea.

The general secretary said in the letter that he was greatly rejoiced over the results of his friendly and working visit to Korea. He noted that he deemed it a great pleasure to witness the achievements made by the fraternal Korean people under the outstanding leadership of His Excellency Generalissimo Kim Il-song, the most distinguished great leader, and his excellency respected Marshal Kim Chong-il, the great successor to him and the supreme leader of the Democratic People's Republic of Korea.

"I will always remember the fact that His Excellency Generalissimo Kim Il-song and His Excellency Marshal Kim Chong-il invariably rendered firm support to the just struggle of His Majesty King Norodom Sihanouk, her majesty queen, his family and the Khmer people for the national liberation and the building of the country and showed them greatly valuable solicitude and warm benevolence", said the letter, adding:

"We reaffirm our full support to the DPRK Government, the legitimate representative of the Korean people, and our firm will to resolutely support its policy of the independent and peaceful reunification of the country without the slightest vacillation."

Ukraine Supports SPA Standing Committee Appeal

SK3103113295 Pyongyang KCNA in English 1047 GMT 31 Mar 95

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—In response to the appeal of the standing committee of the Supreme People's Assembly [SPA] of the Democratic People's Republic of Korea dated December 12 last year calling upon parliaments and politicians of all countries to lift voices urging the removal of the concrete wall built in the area South of the Military Demarcation Line (MDL) of Korea, the Presidium of the Supreme Soviet of Ukraine recently took a step to voice support for it in all external activities of its parliamentary delegations.

The step represents its stand of having opposed the anti-reunification separatist position of the South Korean authorities who seek the permanent division of Korea by keeping the concrete wall which denies the homogeneity of the Korean nation, stands against the reunification and hinders the creation of political and military trust between the North and the South and of having supported the formula for Korea's reunification based on the three principles of independence, peaceful reunification and great national unity.

WPK Sends Message to Norwegian Party Convention

SK3103114095 Pyongyang KCNA in English 1101 GMT 31 Mar 95

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The Central Committee of the Workers' Party [WPK] of Korea on March 31 sent a message of greetings to the 22nd convention of the Norwegian Communist Party.

Expressing the belief that the convention would be an important occasion in the activity of the party for peace, socialism and its consolidation and development, the message wished the convention great success in its work.

Director of Chuche Idea Institute Arrives

SK3103111895 Pyongyang KCNA in English 1038 GMT 31 Mar 95

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—Shuhachi Inoue [name as received], director general of the International Institute of the Chuche Idea arrived here today.

He was met by Yi Chi-su, president of the Chuche Idea Academy.

Daily Highlights Kim Chong-il Published Work

SK3103113895 Pyongyang KCNA in English 1100 GMT 31 Mar 95

["Highly Important Work Enriching Chuche Idea"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—"On the Chuche Idea", a work published by the great leader Comrade Kim Chong-il on March 31, 1982, is a famous one which scientifically proved the greatness of the immortal chuche idea founded by the great leader Comrade Kim Il-song with profound philosophical theories and which systematized and developed the idea in a comprehensive and deepgoing way.

This is a topic of a signed article of NODONG SINMUN today.

The author of the article says that it is an important idea of the work that the chuche idea based on the philosophical outlook on the world centred on man is a great guiding idea of the present times, the era of independence and that one can win in the revolution and construction and completely accomplish the independence of the popular masses only when one is guided by the idea.

The work "On the Chuche Idea" is a graphic expression of unfailing loyalty of the great leader Comrade Kim Chong-il to the great leader Comrade Kim Il-song, Comrade Kim Chong-il's brilliant intelligence and energetic ideological and theoretical activities, the article says.

It quotes Comrade Kim Chong-il as saying:

"The chuche idea is a new philosophical thought which centres on man.

"As the leader said, the chuche idea is based on the philosophical principle that man is the master of everything and decides everything."

The article further says:

The work has fully demonstrated its invincible vitality in the practice of the Korean revolution for the validity and truthfulness of its idea and theory.

The great significance of the work is that with the comprehensive systematisation of the philosophical principle of the chuche idea, the work provides the

popular masses with a powerful ideological and theoretical weapon with which they can creditably shape their destinies with the most scientific and revolutionary outlook on the world.

In the work, Comrade Kim Chong-il expounded that the philosophical principle of the *chuche* idea which explains man's position and role as the masters of the world is based on a new viewpoint of man and gave a perfect philosophical exposition of independence, creativity and consciousness, essential characteristics of man.

Comprehensively propounded in the work are the viewpoint on the world that it is dominated and reshaped by man and the viewpoint and attitude that the world should be approached by focussing on man.

With the *chuche*-based philosophical outlook on the world expounded, the popular masses have been able to have the most powerful weapons with which they could shape their destinies with their own efforts.

Another great significance of the work is that it provided a guiding principle to advance the revolution and construction to victory in reliance upon the popular masses by elucidating the law governing the historical development and social revolution with the popular masses at the centre.

On the basis of the principle that the popular masses are the driving force of the history, the work expounded that the socio-historical movement is an independent and creative movement of the popular masses and the popular masses' consciousness of independence plays a decisive role in the revolutionary movement. This provides a new elucidation on the essence, character and motive force of socio-historical movement.

The *chuche*-based socio-historical principle elucidated by Comrade Kim Chong-il has demonstrated its invincible attraction and vitality through its successful application in the practice of the Korean revolution.

Another significance of the work is that with the exposition of the guiding principle of the *chuche* idea, it serves as a militant banner which powerfully encourages the popular masses to establish *chuche* in all domains of the revolution and construction and construct socialism of Korean style.

The guiding principle of the *chuche* idea is a revolutionary one which indicates the basic principle to carry out the revolution and construction with success by arousing the popular masses, the masters of the revolution.

In the work, Comrade Kim Chong-il set forth the principles of maintaining an independent stand, applying the creative method and placing main stress on ideology and comprehensively expounded the ideological essence of these principles, the need to maintain them and ways to put them into practice.

"On the *Chuche* Idea" is an immortal famous work of the current times which shows the greatness of respected

Comrade Kim Chong-il, a renowned philosopher and great thinker and theoretician.

Kim Chong-il Extends Thanks to Working People

*SK3103041395 Pyongyang KCNA in English 0407
GMT 31 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The great leader Comrade Kim Chong-il sent thanks to several units and working people for their examples set in giving full play to the traditional traits of the unity between the Army and people. Among them are the State Price Commission, the Korea international joint venture company of the State External Economic Affairs Commission, Yi Sang-chin who works at the management bureau of the Mansudae Assembly Hall and her family and the members of the 13th neighbourhood unit of Tonghung-tong, central district, Pyongyang.

The recipients hardened their determination to contribute to making the motherland and the country more stronger and prosperous with the harmonious whole of the Army and people, holding Comrade Kim Chong-il as the great leader forever.

'Absolute Worship' of Kim Chong-il Lauded

*SK3103123495 Pyongyang MINJU CHOSON in
Korean 3 Mar 95 p 2*

[Article by Kim Kyong-son: "Invincible Unity and Cohesion Based on Absolute Worship Toward the Leader"]

[FBIS Translated Text] Bearing absolute worship toward the great leader Comrade Kim Chong-il [*yongdoja*], our people are accelerating the rewarding march to make our country and our fatherland more prosperous. Amid this grand struggle, the blood-tie relations between the great leader [*yongdoja*] and our people are being strengthened as unbreakable and invincible ties.

The great leader Comrade Kim Il-song taught:

All functionaries should inherit the tradition of the single-hearted unity of our revolution, and exert efforts to further strengthen the unity and cohesion between the party and the revolutionary ranks with Comrade Kim Chong-il as the center.

The single-hearted unity of our revolutionary ranks is the firm unity of the leader [*suryong*] and the people, who bear endless faith and absolute worship toward the leader [*yongdoja*], in terms of ideology, will, morality, and faithfulness. The commitment and determination of the popular masses to uphold and follow their leader [*suryong*], to single-heartedly unite around the leader [*suryong*], and to fight to the end for the victory of the revolutionary cause, is a lofty emotion and noble will that stems from appreciation of their leader's [*yongdoja*] greatness and the endless worship toward him. Thus, when all the people bear the high pride and confidence of upholding the greatest leader [*yongdoja*] as the center of

unity, and absolutely worship their leader [suryong], the unity of the revolutionary ranks will become most solid and mighty.

Worshipping the leader [yongdoja] means firmly believing the leader [yongdoja] as the guardian of their destiny and the pillar of hearts, having flawless and crystal clear hearts that follow him to the end and unconditionally accept him without the slightest change of mind. The unconditional and absolute worship that desires to firmly believe in and eternally follow the great leader [yongdoja] of revolution, who leads and glorifies the destiny of revolution and all the people, is the strongest driving force that ties the people to the leader. When the worship is enhanced, the unity and cohesion of the revolutionary ranks will be ever-victorious and invincible.

Only when we have the absolute and unconditional worship of the leader [yongdoja] of the revolution, can we have the firm faith that the one who cares and leads our destiny and the destiny of the fatherland and the nation with responsibility, is none other than the leader of the revolution. Then, we will be comforted and entrust our destiny and future to the leader, and unite around the leader in ideology, will, morality, and faithfulness. The single-hearted unity of the revolutionary ranks can never be achieved by obligation, outer pressure, or with anything less than the people's absolute worship toward their leader. Only when we absolutely and unconditionally worship the leader of revolution, can we have faith in the leader from our hearts, follow him to the end, and achieve the most solid and vital unity.

Cohesion and unity of our revolutionary ranks have been firmly deepened into ever-victorious, invincible ones which cannot be shaken under any arduous circumstances because they are based on the absolute and unconditional worship of our party and people toward the great leader [yongdoja] Comrade Kim Chong-il.

The people's absolute and unconditional worship toward their leader [yongdoja] comes from the greatness of the leader.

Worship is a mind of upholding the leader, and its size is determined by the greatness of the leader. The basic pattern of worship is the greatness of the leader. Only the great leader that is the excellent leader [widaehan yongdoja, takwolhan suryongmani] receives the absolute and unconditional worship of the people and becomes the center in the cohesion and unity of the revolutionary ranks.

When the leader who leads the revolution to victory is perfect and flawless ideologically and theoretically and has an excellent leadership art and matchless, noble communist virtues, the people come to firmly trust their leader as the defender of their destinies and as the pillar of their mind and to have the pure and clean mind of upholding and following him eternally without knowing betrayal under any difficult circumstances.

Worship toward the leader [yongdoja] comes from the firm faith that one can be victorious when one upholds the leader of the revolution and advances under his leadership. The leader [yongdoja] of the revolution develops and enriches the guiding ideology of the revolution, reflecting the demands of the times and the developing revolution and the popular masses' aspirations and desire. He also extensively elucidates the general object of the revolution and the method for its accomplishment and leads the revolution and construction to victory.

When the popular masses come to firmly believe that the guiding ideology of the revolution is a most scientific and revolutionary ideology they not only come to keenly realize the greatness of the leader [yongdoja] who created and developed the ideology, but also come to have the firm faith to firmly rally around their leader and to fight to the end.

Our people's worship of the leader [yongdoja] has become an absolute and unconditional one today because they have keenly realized the greatness of respected and beloved Comrade Kim Chong-il and the wisdom of his leadership through their practical life.

The great leader [yongdoja] Comrade Kim Chong-il has developed and consummated the *chuche* idea into the great guiding ideology of the era of independence through his ideological and theoretical activities and is leading our revolution to victory through his extraordinary leadership ability. Thanks to the great leadership of the respected and beloved Comrade Kim Chong-il, in our country today, a new change has been effected in all fields of socialist construction, including the political, economic, and cultural fields, and the singlehearted unity of the revolutionary ranks has entered a newer, higher level.

Today, through our revolution's victorious onward march, our people are more firmly convinced that their fate and future, the dignity and honor of the country and the countrymen, lie only along the road to highly upholding and following the great leader [yongdoja] Comrade Kim Chong-il; and they are full of firm determination to completely entrust all of their fate to Comrade Kim Chong-il and uphold his leadership to the end. Our single-hearted unity—which is an invincible might that resolutely defends and glorifies our-style socialism—serves as the most solid and mighty one that no force can break, because, as seen here, it is based upon the absolute and unconditional sense of worship of all the people toward the great leader [yongdoja] Comrade Kim Chong-il.

An absolute sense of worship toward the leader [yongdoja] helps the popular masses harbor an endless sense of loyalty.

A revolutionary cause is marched forward and consummated by the endless loyalty and self-sacrificing spirit of the people rallying around the leader [yongdoja]. Loyalty

to the revolutionary cause is loyalty to the leader [yongdoja] who leads revolution to victory; and such loyalty originates from worship of the leader [yongdoja]. Based upon the conviction of greatness of the leader [yongdoja] and the faith that the victory of revolution lies along the road to following the leadership of the leader [suryong], one will worship the leader [yongdoja], entrust all of one's fate to him, and remain loyal to the revolutionary cause to the end. Without a sense of worship toward the leader [yongdoja], one cannot have conviction in the victory of revolution, nor can one entrust one's fate and future with the leader [yongdoja], nor one display one's loyalty to the leader [yongdoja]. Only people with a completely pure and clean mind who firmly trust their leader [yongdoja] as the guardian of their fate and the mainstay of their mind and unconditionally uphold and follow him to the end at any place, at any time, without experiencing any change of mind can rally around the leader [suryong], and loyalty to the leader [suryong] and the revolution can be displayed at the most noble height only within the ranks that are in single-hearted unity around the leader [suryong].

Today, our people are in perfect harmony with the leader [yongdoja], and harboring endless trust in and absolute sense of worship toward him, they have the firm conviction that they are upholding the greatest leader [kajang widaehan yongdoja]. They regard their wholehearted devotion to their leader [yongdoja] as their lifelong mission and noble duty. Our people are in unity and cohesion around their leader [suryong], their leader [yongdoja], while firmly believing that he is the guardian of their fate and mainstay of their mind; and they are loyally upholding party leadership [yongdo], while totally entrusting all of their fate to the leader [yongdoja]. Whether they find themselves in difficult situations or are happy, our people give priority to thinking of their leader [yongdoja]; accept the ideology and leadership put forth by their party and their leader [suryong], regarding them as being most just; and are devoting all they have to the struggle to consummate it.

The firm faith of having the greatest leader [yongdoja] made our people always share their destiny with the leader, who is the center of the revolutionary ranks, and victoriously make way for revolution, bearing the firm faith that they are the master of their destiny and the independent main force of revolution that reforms nature and advances society. Because the people are firmly united around the leader based on the absolute worship toward the leader, they are bravely smashing [chitpusigo] the maneuvers of the imperialists and all sorts of enemies to obliterate socialism, and resolutely defending and adhering to socialism. The people are devoting all their loyalty and filial piety to the single road directed by the party.

Our people are endlessly faithful to the leader [suryong], always enthusiastic about revolution, and aware of morality and faithfulness. They know how to defend the party and the leader [suryong], but do not know fickleness. They are loyal people who only follow the party.

This is because they appreciate the greatness of their leader [yongdoja] and most absolutely and unconditionally worship the leader [yongdoja]. Our people are blessed with the greatest leader [suryong] and the most extraordinary leader [yongdoja] unprecedented in the history of humankind. This is why they have such high faith and worship toward the leader [yongdoja] and are united around the leader [yongdoja] as a living organism, in which they share their destiny with each other, and whose loyalty is matchlessly high.

The unity based on the worship toward the leader [yongdoja] is the most solid and mighty unity that serves as the gigantic driving force for all members of society to become genuine loyalists and dutiful children, who are loyal to the end toward the leader [suryong] and his cause.

All functionaries and working people should endlessly worship Comrade Kim Chong-il, recognizing that in order for the unity of our revolutionary ranks to become the most solid one, they should bear flawless and crystal clear hearts that firmly believe the leader [yongdoja] as the guardian of their destiny and the pillar of hearts, and uphold and follow him to the end without any change of mind. Functionaries and working people should learn deep in their hearts the immortal achievement of the great leader [yongdoja] Comrade Kim Chong-il, highly uphold Comrade Kim Chong-il, and defend and safeguard him with lives, bearing the firm faith that the ultimate victory of our revolution and eternal happiness of our people lies on the road of upholding the leadership of the party. In the course of upholding the great Comrade Kim Chong-il, we should more thoroughly prepare ourselves to become genuine loyalists and dutiful children, so that the unity and cohesion of our revolutionary ranks based on the absolute and unconditional worship toward the leader [yongdoja] is further solidified like rocks and the victory of the chuche revolutionary cause is vigorously expedited.

Implementation of Kim Il-song's Behest Urged

SK3003142095 Pyongyang MINJU CHOSON in Korean 28 Feb 95 p 2

[Article by Choe Chong-hon: "Thoroughly Implementing the Great Leader's (suryong) Behest Is the Prime Mission of the Administrative and Economic Functionaries"]

[FBIS Translated Text] Currently, the whole country is vigorously seething in the struggle to implement the respected and beloved leader's [suryong] behest. Also, at every socialist construction site, militant mettle is vibrant and the spirit of creation and innovation are being manifested vigorously. The prime mission of the administrative and economic functionaries is to further enhance the masses' upsurged revolutionary enthusiasm and brilliantly realize the fatherly leader's [suryong] behest in the overall sector of socialist construction.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"We must make positive efforts to thoroughly implement the teaching of the leader's [suryong] behest."

The respected and beloved leader [suryong] Comrade Kim Il-song's behest is a guiding principle which must be eternally adhered to in our revolution and construction. We cannot advance even one step without the respected and beloved leader's [suryong] behest, and any problems that arise in socialist construction cannot be solved successfully.

From the early days, when he advanced along the road of revolution to the last moment, when the great heart stopped beating, the respected and beloved leader [suryong] Comrade Kim Il-song elucidated the magnificent road ahead to achieve victory in the socialist cause while leading our revolution toward the ever-victorious road. The teaching made by the respected and beloved leader [suryong] on 6 July, two days before his death, is not the only behest. All the teachings by the respected and beloved leader [suryong] handed down historically when he was alive, are all behests. The great leader's [suryong] behest is a large encyclopedia comprehending all stages and all sectors of revolution and construction. In the fatherly leader's behest, the prospective goal and pending task of socialist construction and concrete tasks and methods that must be carried out in the overall fields of the revolution and construction, including politics, economy, culture, and military, are wholly elucidated. Therefore, when we firmly adhere to the respected and beloved leader's [suryong] behest, there is nothing that cannot be done, and any problems arising in the revolution and construction can be solved successfully.

Our people's struggle enthusiasm of highly upholding the party's leadership and vigorously launching into the new advance road is magnificent. To achieve endless miracles and innovations in socialist construction by continuing to enhance the masses' upsurged struggle spirit, our administrative and economic functionaries must regard the great leader's [suryong] behest as a favorite maxim and thoroughly embody it. By doing so, the great leader's [suryong] revolutionary achievements are advocated and adhered to, and endlessly elucidate my country and my fatherland. Even though the fatherly leader [suryong], whom our people had faith in and lived as if he were the heaven passed away, the administrative and economic functionaries are regarding the leader's [suryong] behest as an eternal guiding principle and are fighting resolutely to realize it. They are truly genuine loyalists completely realizing the promise made before the leader's [suryong] bier. Loyalty toward the party and leader [suryong] is verified through the struggle to implement the fatherly leader's [suryong] behest. There is no more important work today for our administrative and economic functionaries than the struggle to implement the respected and beloved leader's [suryong] behest, and they cannot think about any value in life apart from this

struggle. The prime mission of the administrative and economic functionaries is thoroughly implementing the fatherly leader's behest.

To completely implement the great leader's behest is the first duty of administrative and economic functionaries mainly because it is imperative in achieving the victory of the socialist cause under the leadership of respected and beloved Comrade Kim Chong-il.

The party leadership is the lifeline of socialist construction. Unless the party leadership is guaranteed, we cannot avoid failures and vicissitudes in the revolution and construction, nor can we think of the people's happiness or the country's growth, prosperity, and development.

It is a valuable behest left to all our functionaries and people by the respected and beloved leader to consummate the chuche socialist cause under the leadership of the great leader [yongdoja] Comrade Kim Chong-il.

A firm guarantee for the completion of the chuche revolutionary cause and the way to thoroughly implement the respected and beloved leader's behest lie in highly upholding the great leader Comrade Kim Chong-il's leadership.

Always saying that he is a revolutionary soldier of the respected and beloved leader, the great leader Comrade Kim Chong-il is leading our functionaries to implement the leader's behest at the highest level. Respected and beloved Comrade Kim Chong-il presented the slogans of faith, "The great leader Comrade Kim Il-song is always with us" and "Let us more thoroughly arm ourselves with the revolutionary ideas of the great leader Comrade Kim Il-song," thus stalwartly fixed a pillar of faith in each administrative and economic functionary's heart. It is the most honorable work for our functionaries to thoroughly implement the respected and beloved leader's behest because it is the work of faithfully upholding the ideas and leadership of great Comrade Kim Chong-il, who has perfectly personified all traits and qualifications of the leader [suryongnim], and who is trying to advance our revolution according only to the leader's ideas and intent. The ideas and leadership of the great leader Comrade Kim Chong-il can be realized by our functionaries. Accordingly, only by thoroughly implementing the respected and beloved leader's behest, can we constantly effect upsurge in the revolution and construction in accordance with Comrade Kim Chong-il's ideas and intent and can firmly harden our revolutionary ranks and brilliantly complete the socialist construction and the cause of the fatherland's reunification.

Another reason to thoroughly implement the great leader's behest is the first duty of administrative and economic functionaries is because it is due obligation for soldiers and pupils of the great leader.

Our functionaries are all revolutionary fighters who have grown up in the fatherly leader's care. In the difficult

days of the anti-Japanese revolutionary struggle, the fatherly leader raised the pivots expected to shoulder our revolution. Even in the very difficult and complex environment following the national liberation, he also raised workers, farmers, intellectuals—who had been suppressed and ill-treated—and their sons and daughters as fighters of the revolution and construction, embracing them all in his bosom. The fatherly leader always offered his hands to our functionaries and warmly led them to set examples in their organizational lives, as well as in implementing revolutionary tasks, and to devotedly work for the party, the revolution, the fatherland, and the people with a revolutionary work method and in a people-oriented work style. Measureless are the labor, pains, love, and benevolence made and endowed to our revolutionary fighters by the fatherly leader since the pioneering stage of our revolution.

Just like children consider it a duty to repay the affection of their parents who gave birth to them and have brought them up, it is the supreme ethics and due obligation for our functionaries, who are fighters and pupils of the great leader [suryongnim], to repay with loyalty the love and consideration of the leader who gave them the most precious political lives and guided them to glorify them. Administrative and economic functionaries' loyalty and filial obedience must be expressed in implementing the fatherly leader's behest. When they thoroughly implement the great leader's behest, they can always remember the leader's benevolence and can fulfill their loyal and filial duties that were not through while the leader was alive. Only those functionaries who assiduously work to implement every teaching left by the leader, studying them generally, systematically, and profoundly and learning them by experience, and being deeply aware of how great the leader's teachings are, and who devotedly work to implement the party policy, standing on a attitude and position of always wholeheartedly upholding the leader [suryongnim], can glorify their precious honor as soldiers and pupils of the great leader.

The reason the thorough implementation of the great leader's behest is administrative and economic functionaries' primary duty is also because it is the worthwhile work of enriching our country, our fatherland.

It is the respected and beloved leader's lifelong intent to build our country, our fatherland, as the people's paradise where the independent ideal fully blooms and which is endlessly prosperous. The fatherly leader devoted his whole life to the struggle for growth, prosperity, and development of our country, our fatherland. Thanks to the chuche socialist fatherland that is politically independent, economically self-reliant, and self-defensive in national defense—which the respected and beloved leader built and led, devoting his whole life—our people have been able to enjoy independent and creative lives as genuine masters of the country and firmly defend socialism of our own style even under stormy historic circumstances while regarding it as life.

To implement the respected and beloved leader's behest is the most sublime work to consummate the aspiration cherished by the fatherly leader who devoted his whole life to defending, protecting, and glorifying the chuche socialist cause. Administrative and economic functionaries should always be aware that the fatherly leader concentrated great efforts on the country's economy and the people's livelihood in a bid to make our people the people who live the most abundant lives in the world. They should be fervently determined to realize the leader's lifelong intent, considering his behest as a guideline. Through the endless on-the-spot guidance for the people, the respected and beloved leader presented militant tasks emerging in all sectors, regions, and units in the country and elucidated directions and methods to implement the tasks in detail while he was alive. The respected and beloved leader's behest comprehensively expresses the leader's great idea on building the socialist fatherland. When our administrative and economic functionaries work in accordance with the leader's behest, they can easily solve any difficult and complex problem with their own ability, strengthen the country's economic might in every way, and greatly enhance the superiority of the popular mass-oriented socialism of our own style.

All administrative and economic functionaries should thoroughly implement the great leader's behest, always being aware that the thorough implementation of the great leader's behest is their primary duty, so as to fulfill their mission as leading members of the revolution.

Struggle for Solution of Rural Question Urged

SK3103040395 Pyongyang MINJU CHOSON in Korean 25 Feb 95 p 1

[Editorial: "Let Us Vigorously Fight Ahead for the Ultimate Solution of Rural Problems"]

[FBIS Translated Text] Today we are meaningfully marking the 31st anniversary of the publication of the great leader Comrade Kim Il-song's immortal classic work: "The Theses on the Ultimate Solution of the Rural Question in Our Country," under the thrilling environment in which all the people across the country are vigorously accelerating the march to bring about a new turn in the implementation of the party's revolutionary economic strategy.

The great leader Comrade Kim Il-song published the socialist rural theses by embodying the immortal chuche idea. This is a historic event that is of great significance in our people's revolutionary struggle and in our country's socialist rural construction.

The great leader [yongdoja] Comrade Kim Chong-il has taught: "'The Theses on the Socialist Rural Question in Our Country' set forth by the leader [suryongnim] is a great program for the socialist rural construction that has scientifically elucidated the road for the ultimate solution of the rural question for the first time in history."

The theses on the socialist rural question are a great program that has illuminated the bright future road for the socialist rural construction and are an encyclopedia for the solution of the rural question. The theses have extensively comprehended the intrinsic contents of the socialist rural question and the basic principles for its solution; and the basic tasks for the socialist rural construction and the ways to implement them. In the wake of the publication of the rural theses, the road to industrialize and modernize agriculture; to train farmers into revolutionaries and to assimilate them into the working class; and to build rural communities that were once dominated by centuries-old backwardness into prospering socialist rural communities has been clearly elucidated. The ideological and theoretical achievements accomplished by the great leader Comrade Kim Il-song—who presented a brilliant program on the socialist rural construction from his early days, pioneered a new ground of the theory on socialist construction, and instilled in our people and the world's revolutionary people a confidence on socialism—cannot be measured with anything.

In the past, great achievements were made in the struggle to implement the rural theses under the wise leadership of the party and the leader [suryong].

In the rural communities, the three revolutions—ideological, technical, and cultural—have been vigorously waged and the rural construction has been triumphantly pushed ahead under the guidance and support of the party and the state. As a result, our agricultural system has been firmly consolidated ideologically and politically, materialistically and technologically, and the standards of all of the sectors in the rural communities have reached that of the urban communities. Agricultural working people have been brought up as the *chuche*-type communists; the task of irrigation and electrification of agriculture were carried out a long time ago; the task of introducing machinery and chemicals in agriculture have also been implemented; and our rural communities have been turned into beautiful and cultural rural communities, where it is good to live in. Also, the differences between urban and rural communities in the management and ownership type have been successfully surmounted. Likewise, all the counties across the country have been firmly managed, thus smoothly carrying out its mission and role as a base where urban communities' assistance to the rural communities is realized.

All the victories and achievements accomplished in the struggle to implement the rural theses are inconceivable apart from the wise leadership of the party and the leader [suryong] who concentrated great efforts on the solution of rural problems.

At every stage and every period of the revolution and construction, the great leader Comrade Kim Il-song gave clear answers to all the questions arising in consolidating and developing the socialist rural economy. He wisely led the struggle to develop agriculture's productive forces and vigorously encouraged our functionaries and agricultural working people to implement the rural theses by

giving on-the-spot guidances to the rural communities across the country until his heart stopped beating.

The great leader [yongdoja] Comrade Kim Chong-il has organized and mobilized the entire party, the whole country, and all the people into the implementation of the rural thesis in conformity with the demands of the developing and deepening socialist construction and with the country's situation and is wisely leading rural areas to actively push ahead with the three revolutions—ideological, technological, and cultural. Thus, he is brilliantly realizing the fatherly leader's [suryong] grand socialist rural construction plan. Thanks to our party, which has excellent leadership ability and organizational ability, the future of our country's socialist rural construction is brighter.

Today, we are faced with a heavy and responsible task to brilliantly solve the socialist rural question by more vigorously waging the struggle to implement the rural thesis as intended by the great leader [suryong].

In his historic letter titled "For the Complete Solution of the Rural Question Under the Banner of the Socialist Rural Thesis," sent to the national agricultural meeting last year the great leader Comrade Kim Il-song dignifiedly summed up the victory won by our party and people in their struggle to implement the rural thesis and presented a new militant task to effect new upsurges in rural construction.

We should vigorously advance under the banner of the socialist rural thesis and thoroughly implement the task presented in the letter. Thus, we should make this year—which marks the 50th anniversary of the party's founding and the 50th anniversary of national liberation—a year of a momentous turning point in realizing the great leader's [suryong] socialist rural construction plan.

Functionaries and the working people should cherish deep in their hearts the great pride of having the most correct rural construction program and should consistently push ahead with the struggle for its implementation.

Experiences in socialist construction have clearly proven that there is no other way than that elucidated by the rural thesis in solving the agricultural question. The rural thesis presented by the great leader Comrade Kim Il-song is the revolutionary banner that makes it possible to exalt superiority of the socialist rural economic system and to thoroughly embody the socialist principle and method in rural construction.

We should have a firm faith that the party's line and policy are the best and that the socialist rural economic system established in our rural areas is the best. We should make all possible efforts to safeguard and defend the party's line and policy and the socialist rural economic system. At the same time, we should advance without letup along the single road of the revolution with the firm faith that as long as there is single-hearted unity

rallied around the party and the mighty self-reliant national economy with the *chuche*-oriented industry as the pillar, any difficult task that arises in rural construction can be realized without fail. In this way, we should effect a constant upsurge in socialist rural construction and agricultural production and, thus, should infinitely glorify the great leader's [suryong] achievements in the course of solving the socialist rural question.

To implement the heavy task facing the rural economy sector today it is important to further deepen and develop the three revolutions—ideological, technological, and cultural—in conformity with the demands of a new stage of socialist rural construction.

The rural economy sector, by vigorously waging the ideological revolution, should firmly arm agricultural working people with our party's revolutionary ideology, that is, the *chuche* idea, and firmly rally them around the party. Thus, we should see to it that they uphold Comrade Kim Chong-il's ideology and leadership with loyalty and filial piety.

All sectors and all units of the rural economy should effectively carry out the work to have the agricultural workers maintain the resolute revolutionary spirit to possess a high level of class-consciousness; to always adhere to the revolutionary principle; and to struggle in an uncompromising way in opposition to the imperialists and all kinds of class enemies. Also, such sectors and units should help cultivate a noble ethos to sincerely and willingly participate in communal labor while offering opposition to individualism and egoism and highly displaying the spirit of collectivism; to take good care of and manage communal property as befitting the masters; and to meticulously and methodically carry out all kinds of farming and household economies. In this regard, it is necessary to endlessly intensify the work to imbue the peasants with the revolutionary spirit, work-class-oriented spirit, socialist spirit, and the *chuche* idea and to more firmly consolidate the socialist rural fortress as the crystallization of the single-hearted loyalty.

Cultural revolution is an important task for the socialist rural construction.

We should continue to intensify the cultural revolution in the rural areas, thereby endlessly elevating the agricultural workers' technical and cultural level, thoroughly establishing cultured ways in production, and bridging the gap between urban and rural areas in the field of cultural life.

Vast is the task that we should carry out in the field of the rural technical revolution. We should endlessly elevate the level of industrialization and modernization, while making solid the successes—which we have already achieved in irrigation, electrification, introduction of machines, and application of chemistry—and while achieving more of such successes. In particular, it is necessary to develop a comprehensive introduction of machines and chemistry into the rural economy to a high

level. At the same time, it is necessary to develop agricultural science, actively accept successes made in it, and thoroughly accomplish our party's *chuche*-oriented farming method, thereby further introducing science into agricultural production and making agricultural production intensive.

Today, it is important to intensify the support to the rural areas to successfully implement the difficult and vast tasks arising from the socialist rural construction.

The working class's guidance to peasants, the industry's assistance to agriculture, and the urban areas' support to rural areas are the intrinsic demands of a socialist society; and they are one of the fundamental principles for the solution of socialist rural questions elucidated by the rural thesis. We should further strengthen the leading role of the working class in the socialist rural construction by further increasing the revolution-oriented, organization-oriented, and culture-minded spirit of the working class in conformity with the realistic demand of the socialist rural construction; and we should guarantee the industry's material and technical assistance to the rural economy in every way. All industrial sectors should give priority to producing and supplying fuel, power, facilities, and materials, which are required in the agricultural production and rural construction in conformity with the demand of our party's agriculture-first policy.

We should accelerate the three revolutions—ideological, technical, and cultural—and endlessly improve the guidance and management of the rural economy, thereby bridging the gap between industry and agriculture at the level of economic management, and brilliantly accomplishing the historic task of turning cooperative ownership into all-people ownership in rural areas.

It is important to enhance the sense of responsibility and role of the functionaries to strengthen and develop our socialist rural economic system and increase agricultural productivity.

The functionaries of the state economic organizations and those of the rural economic sector should more firmly rally a broad group of agricultural workers around the party by intensifying the political work, the work with man, among them; and vigorously organize and mobilize them into the struggle to accomplish our party's great program on rural construction. Functionaries should actively create a relevant atmosphere for the accomplishment of the rural thesis in rural areas; continue to increase the masses' revolutionary enthusiasm, while standing at the head of the masses; and endlessly and purposefully intensify the work to implement the rural thesis. In this regard, functionaries should make sure that socialist rural areas seethe with the agricultural workers' solemn struggle everywhere and that the tasks put forth by the rural thesis are successfully accomplished amid a great struggle.

All functionaries and workers should brilliantly solve the socialist rural questions and fully display the superiority

and might of our-style socialism in single-hearted unity around the great leader [yongdoja] Comrade Kim Chong-il, while marching forward vigorously under the banner of the rural thesis.

Struggle for Production, Economy Stressed

SK3003131695 Pyongyang MINJU CHOSON in Korean 1 Mar 95 p 2

[Article by No Kwang-su: "Vigorously Carrying Out the Struggle for Increased Production and Economy Is the Important Demand for Implementing the Party's Revolutionary Economic Strategy"]

[FBIS Translated Text] Today working people across the country are vigorously carrying out a struggle to implement the party's revolutionary economic strategy, cherishing a single-hearted faith in their hearts to greet this year—the year to mark the 50th anniversary of the founding of the party and the 50th anniversary of liberation of the fatherland—with their political zeal and brilliant achievement. In today's rewarding struggle, it is important to vigorously carry out the movement for increased production and economy in all sectors and units of the national economy in order to thoroughly implement the party's revolutionary economic strategy by vigorously accelerating the socialist economic construction.

The great leader [yongdoja] Comrade Kim Chong-il has indicated: "By vigorously carrying out the struggle for the increased production and economy as an all-people movement, we should fully find out reserves to increase production; to actively economize raw materials and materials; and to thoroughly eliminate the spendthrift habits."

The struggle for increased production and economy is the work to increase production by effectively using the already-made production resources, as well as by fully mobilizing internal reserves. Only when we vigorously carry out the struggle for increased production and economy can we increase production, as well as carry on the construction works with the smallest resources. As a result, we can strengthen the country's economic might and enhance the people's standard of living.

For the present, it is an inevitable demand to vigorously carry out the struggle for increased production and economy in order to successfully implement the party's revolutionary economic strategy.

First of all, vigorously carrying out the increased production and economy is an important way to thoroughly implement the party's revolutionary economic strategy and to effectively mobilize and utilize to the maximum the existing labor, facility, materials, and funds.

The basis of the struggle for increased production and economy is to increase the production to the maximum by effectively mobilizing and utilizing the existing labor, facility, material, and funds. The struggle for increased

production and economy directly affects the production—a process of consuming labor, facility, material, and fund—and creates the necessary conditions for the production without an additional investment. As a result, it has enabled us to stabilize production by guaranteeing the full operation of facilities. Along with this, we can reasonably unite the productive elements and correctly organize the cooperative production by constantly improving the production and management activities. As a result, we can also enhance the productive efficiency of the social labor.

The issue of effectively utilizing the production resources can be more persistently raised when the production scale is further extended and when economic relations between sectors of the national economy become more closed. Furthermore, the strategic target of the vast economic construction presented by our party needs more materials and funds than ever before. At the same time, it demands that we use them more effectively. All of these labors, materials, and fund resources needed for enhancing the people's material and cultural life, as well as their economic self-reliant foundation cannot be fully guaranteed by the creation of the new production capacity alone. This issue can be resolved only if the sectors and units of the national economy vigorously carry out the struggle for increased production and economy. The more vigorously we wage the struggle for increased production and economy, the better we can prevent the raw materials, fuel, materials, facilities, and funds from being wasted and kept idle in stock, and we can also create more reserves for materials and funds, because we will be able to use the minimum amount of the production resources and save them in all sectors and all units of the people's economy; and the higher we can increase production even with the same amount of resources by making economical use of the materials and funds. This shows that an economical and rational use of production resources has the same meaning as producing as much. Accordingly, if we actively struggle to find out more reserves for production resources in conformity with the expanding production scale, we can further satisfy the increasing demand for the factors of production; eliminate fluctuations that can arise in the process of providing funds; and evenly carry out production activities even without additional state investments. This shows that when we vigorously wage the struggle for increased production and economy, we can prevent the production resources from being wasted away, and produce more with less workforce and materials, thereby successfully accomplishing the party's revolutionary economic strategy.

To vigorously wage the struggle for the increased production and economy is an important link which helps further display the vitality of self-reliance in the accomplishment of the party's revolutionary economic strategy.

The revolutionary spirit of self-reliance and fortitude is a fundamental guarantee for the successful accomplishment

of the revolutionary economic strategy put forth by our party. Our party's revolutionary economic strategy is a strategy for self-reliance, a strategy for fortitude. Today, the reality, in which the imperialists are applying political and military pressure, and are trying to impose economic blockade, against our Republic more viciously than ever before, demands that we should more highly display the revolutionary spirit of self-reliance and fortitude to successfully attain the vast economic strategic goals.

The revolutionary spirit of self-reliance is a revolutionary spirit with which we are resolved to accomplish all works to the end, trusting and depending upon our own strength; and such a spirit is always premised on the struggle for increased production and economy. And, to increase production and economize to the maximum extent is a demonstration of the revolutionary spirit of self-reliance and fortitude. The firm ideological standpoint and viewpoint to accomplish the assigned economic tasks with one's own strength to the end should be displayed in the spirit of managing the household's economy frugally and methodically. Unless we make efforts to save materials and funds, we cannot fully display the great vitality of self-reliance. When we more fiercely ignite the flame of the struggle for increased production and economy in all sectors and units of the people's economy, we can successfully push for the economic construction, and more forcefully display the indomitable struggle spirit of our people—who are marching forward while upholding the banner of self-reliance—and its great vitality, even in the face of the imperialists' endless economic blockades [kkunim opnun kyongje pongshae].

To wage a vigorous struggle for increased production and economy serves as a demand to successfully accomplish the party's revolutionary economic strategy. This is well shown by the practical experience in our country's socialist economic construction.

Whenever they have been faced with hardships and difficulties in the socialist economic construction, our people have waged a vigorous struggle to increase production and economize to the maximum extent in firm unity around the party. We have been faced with numerous obstacles and difficulties in the post-war period. But, our people have never shaken or vacillated; and they have consistently risen with a firm determination to create a new life again as long as there exists the wise leadership of the party and the leader [suryong]. Our heroic working class has risen as one, and created miracles and innovations in the production of iron and steel, and machine tools, while upholding the slogan for increased production and economy put forth by the plenary meeting of the party Central Committee held in December 1956.

The successes made in the socialist construction are proud fruitions which can be achieved only by the people who have waged a vigorous struggle for increased production and economy while depending upon their own

strength, their own techniques, and their own wisdom. When we wage a vigorous struggle for increased production and economy, we can create surprising miracles and innovations in production and construction. This is a precious truth that our people have grasped in the whole process of the socialist economic construction. To continuously preserve the good ethos of the struggle for increased production and economy—whose justness has been corroborated through the practical struggle for socialist construction—serves as an important way to help successfully accomplish the party's revolutionary economic strategy. At the present moment, the prevailing situation and the country's economic circumstances facing us demand that all functionaries and workers should more highly uphold the flame of the struggle for increased production and economy with the spirit and vigor shown in the era of great revolutionary upsurges. When we more vigorously wage the struggle for increased production and economy, we can successfully attain the vast economic strategic goals; and forcefully accelerate our onward march in conformity with the party's far-sighted plans and intentions.

All functionaries and workers should effect an epoch-making turn in the accomplishment of the party's revolutionary economic strategy in this meaningful year, while continuing to vigorously wage the struggle for increased production and economy in the single-hearted unity around the great leader [yongdoja] Comrade Kim Chong-il with the struggle spirit and vigor, with which—in response to the call of the party and the leader [suryong]—our working class has begun achieving great revolutionary upsurges with the struggle for increased production and economy and with which our working class has achieved endless upswings in production.

Sinyang County Strives To Increase Exports

SK3103124395 Pyongyang MINJU CHOSON in Korean 11 Mar 95 p 2

[By reporter Kim Chin-pu]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught:

We should further increase export by actively discovering and mobilizing export resources in all sectors and local areas. We should also develop improvement of trade [kagong muyok].

Upholding the party's revolutionary economic strategies, Sinyang County Administration and Economy Committee is well managing the export production bases in accordance with the situation of the county.

To better manage the export production bases, the committee first formed a conference of the functionaries of each sector, and compiled their innovative opinions. Then, the committee concretely calculated the economic effectiveness by sector and drew up measures to meet the conditions for production, and economic and technical conditions.

The committee established step-by-step goals for better managing the bases, properly set the priority, and managed the bases by a lightning method.

Relevant functionaries, including the chairman of the committee, Comrade An Myong-ok, are highly aware that they are to serve the people. They visit the fields to grasp a concrete understanding of the subjects for the improvement of the bases. They are solving the pending problems on a timely basis.

In accordance with the boiling enthusiasm of the builders mobilized to county management, the committee also accurately summarizes and appraises their daily and weekly performances.

As a result, the county is excellently managing various export production bases, including a large-scale mineral production base.

The construction of the base for mineral production, which accounts for nearly 50 percent of the county's export is being accelerated in the final stage.

Bearing the burning resolution to mark the 50th anniversary of the party founding and fatherland liberation with high political zeal and brilliant labor achievement, the builders here are highly displaying the revolutionary spirit of self-reliance and fortitude and have secured equipment and material on their own for the construction of ore-dressing plants and smelteries, making it possible to begin the operation in March.

The county also cultivated some 20 chongbo [one chongbo equals 2.451 acres] of land to plant mulberry trees for silk production, and some 30 chongbo of field capable to produce hundreds of thousands of tonnes of herbs, including the wild ginger plant and bellflower roots.

The committee is vigorously carrying out among the popular masses the movement to actively discover, mobilize, and utilize various export resources.

Yi Pong-tok Power Plant Overfulfills Plan

SK3103005695 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 30 Mar 95

[FBIS Translated Text] The electricity-generating workers of the power plant where Comrade Yi Pong-tok works, has overfulfilled the March plan by 125 percent as of 28 March.

During the period in which the plan was being fulfilled, the electricity-generating workers of the plant made sure that the electricity-generating facilities operated at full capacity, while highly displaying the revolutionary spirit of self-reliance.

The workers at the generator operation workshop overfulfilled daily electricity generation plans by making sure that equipment was handled with high efficiency and that a high level of water was maintained.

The workers at the dam workshop also contributed to increasing electricity generation by securing more water.

Electricity Station's Power Conservation Noted

SK3103125895 Pyongyang MINJU CHOSON in Korean 15 Mar 95 p 3

[Report by Cho Yong-hwan: "In Order Not To Waste Even a Kilowatt of Electricity—at Songnim City Electric Power Transmission and Distribution Station"]

[FBIS Translated Text] The Songnim city electric power transmission and distribution station is satisfactorily carrying out the work of effectively utilizing electric power by upholding the great leader's lofty lifetime intention and the party's intent, and is thus achieving great success in electric power conservation.

Under the guidance of the party organizations, this station has acquired a great amount of electric power reserves by properly carrying out the organizational work for alternative production [kyocha saengsan] according to the demand of the party, thus smoothly solving the electric power problems.

By substantively carrying out the organizational work for alternative production, this station saved 35,000 kilowatts of electric power last year, thus smoothly meeting the increasing daily electricity demand.

Based on this experience, the station workers are attentively carrying out the work to more effectively use electric power.

By thoroughly understanding the practical situation in all organizations, enterprises, and units in the city, this transmission and distribution station is responsibly carrying out the work of supplying electricity in conformity with the situation.

For this, functionaries of this station went out to organizations, enterprises, and units and concretely acknowledged the technological conditions of electric facilities and saw to it that they use electric power according to the regulations demand.

At the same time, functionaries deeply explained and propagandized the significance in electric power conservation among the residents lest they waste even a kilowatt of electricity.

As a result, the mass struggle for electric power conservation is being waged more vigorously each day and greater success than before is being registered.

Yonggang Machinery Plant Workers Meet Target

SK3103005495 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 30 Mar 95

[FBIS Translated Text] According to a report filed by station reporter Sonu Sangyol, the functionaries and workers of the Yonggang Communications Machine Plant—who have vigorously turned out while upholding

the handwritten letter of the great leader [yongdoja] Comrade Kim Chong-il and the militant tasks put forth by the joint editorial carried in the NODONG SINMUN—are continuing to vigorously accelerate production, with the lofty pride in having overfulfilled the first quarterly plan assigned to the plant by 102 percent as of 20 March.

During the period in which the plan was being fulfilled, the general staff of the plant organized and commanded production, under the party organization's guidance, and established the revolutionary spirit with which each daily target was met without fail, thereby achieving innovations every day in the production of communication lines and machines, and other various parts.

Meanwhile, this plant has increased the variety of daily necessities by about ten in just the last few days.

Hukbosan Fertilizer Plant Workers Fulfill Plan

*SK3103005195 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 30 Mar 95*

[FBIS Translated Text] The workers at the Hukbosan Fertilizer Branch Plant of the (Kochang) Coal Mine have fulfilled the plan for the first quarter ahead of schedule.

During the period in which workers implemented the plan, plant functionaries mingled with the producing masses and led the masses. Setting examples and demonstrating through practice rather than by precept, and giving priority to political work, the functionaries thus helped produce large amounts of Hukbosan fertilizer every day.

In particular, workers of the No. 2 workshop, the likes of Comrade Kang Myong-nam, have accelerated production to exceed daily targets by more than 130 percent, with the resolve to send more Hukbosan fertilizer to the socialist rural areas.

Workers of the No. 3 workshop, such as Song Hung-sop, fulfilled the highly targeted daily plans without fail by waging a vigorous struggle to increase the quality of the Hukbosan fertilizer, while managing the facilities scientifically and technologically.

Women's Union Central Committee Holds Meeting

*SK3103042395 Pyongyang KCNA in English 0418
GMT 31 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The 21st plenary meeting of the Central Committee of the Korean Democratic Women's Union was held in Pyongyang on Thursday.

The plenary meeting discussed the tasks of the union organizations to greet the 50th anniversaries of the foundation of the Workers' Party of Korea [WPK] and the liberation of the country with high political enthusiasm and brilliant achievements.

The meeting pointed out that the WPK foundation by the great leader Comrade Kim Il-song was a historical event that brought about a great change in the revolutionary struggle and political life of the Korean people.

The meeting brought forward measures to actively organize and mobilize the union members in a drive to significantly celebrate the 50th anniversaries of the WPK foundation and the liberation of the country.

The meeting stressed that all union members should cherish worship of respected General Kim Chong-il and devote loyalty and filial piety to him.

An executive plan was adopted at the plenary meeting.

Number of Macrobians Increasing in Country

*SK3103112095 Pyongyang KCNA in English 1040
GMT 31 Mar 95*

[FBIS Transcribed Text] Pyongyang, March 31 (KCNA)—The number of macrobians are increasing in Korea.

Those above 90 years old grew five times in the last ten years.

Those above 100 years old rose 2.8 times in 1993 as much when compared with 1971.

The increase of macrobians is mainly attributable to the loving care and solicitude shown by the great leader Comrade Kim Chong-il for the people and to the most superior popular health policy of the government.

Comrade Kim Chong-il sends benevolent birthday tables to each of the centenarians or those above 100 years old, so that they can be blessed by all people.

The state is responsible for and taking care of the life and health of macrobians.

Registered at professional medical organs, they undergo regular medical checkup, and prophylactic measures are taken for them. "Families of macrobians" and "villages of macrobians" are on the increase in Korea.

South Korea

U.S.-DPRK Reactor Talks May Resume 10 Apr

*SK3103015595 Seoul HANGYORE SINMUN in Korean
31 Mar 95 p 1*

[Report by Washington-Based correspondent Chong Yon-chu]

[FBIS Translated Text] It was learned on 29 March that the Berlin working talks will resume on 10 April to discuss ways to resolve the light-water reactor issue. The upcoming talks will serve as an important crossroads in resolving the light-water reactor issue.

A Washington source well versed in North Korean-U.S. relations said: "At the previous working talks, North

Korea advanced a proposal unacceptable to the ROK and the United States. The United States pointed out the proposal was unrealistic." This source also said: "North Korea did not show a strong reaction to the U.S. assessment of its proposal. This is a sign of hope."

This source added: "There is a big difference between the North Korean proposal and the U.S. position. Therefore, unless North Korea changes its attitude in the working talks, it will be difficult to find a solution at the talks." The source also said: "It will be inevitable to resume high-level talks between Kang Sok-chu and Assistant Secretary of State Robert Gallucci."

ROK, U.S. Views on Reactor Types Noted

SK3103091795 Seoul YONHAP in English 0902 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—South Korea recently strongly demanded the United States Government play an active role in quelling the bids by some American nuclear plant builders to promote their version of light-water nuclear reactors in North Korea to the detriment of South Korea's efforts to persuade the North to accept South Korean models, a senior Foreign Ministry official said Friday.

"We have recently asked, in several occasions, for the U.S. Government to take steps to discourage some U.S. firms from making efforts to sell their reactors to North Koreans," Vice Foreign Minister Yi Si-yong said. "We have information that Westinghouse of the United States has been maneuvering to promote its reactors to North Koreans."

The U.S. Government, however, has its own limitations in its efforts to thwart the U.S. firm's efforts because commercial firms have rights to do their own business, explained the vice foreign minister.

"The U.S. firms, however, will have to reckon that any such efforts are absolutely useless because the South Korean Government has no intention of paying money for the building of any other nuclear reactors than South Korean ones," said Yi.

"Anyway, who is going to pay for the two light-water reactors to be built in North Korea?" asked Yi.

He, however, did not admit that the U.S. Government has been using the U.S. firms to press South Korea to accept American-made reactors in a roundabout way.

"South Korea and the United States have been exchanging information on the movements by American nuclear reactor manufacturers and the South Korean Government takes full control of the situation on the issue," said Yi, who dismissed reports that the Seoul and Washington governments are at odds over the selection of reactor types.

Westinghouse wants to take advantage of the nuclear deal between Pyongyang and Washington in a bid to

regain the light-water nuclear reactor market on the Korean peninsula which it lost by refusing to transfer core technology for the construction of the reactors to South Korean firms, according to ministry officials.

Despite the fact that Westinghouse first entered the Korean market, South Koreans later turned to Combustion Engineering of the United States, said the officials.

They said that the government will collect more information on the level of information provided by American firms to North Korea to determine whether to take further actions against the firms.

Reports said that the American firms have provided North Korea with technical defects of South Korea's Ulchin Nos. 3 and 4 reactors which are based on Combustion Engineering technology.

Kim Yong-sam on ROK-Style Reactors Stance

SK3103074695 Seoul YONHAP in English 0732 GMT 31 Mar 95

[FBIS Transcribed Text] Pusan, March 31 (YONHAP)—President Kim Yong-sam warned Friday that his government would not contribute "a single penny" towards North Korea's new nuclear power station project if the North rejected South Korea from playing a central role in the project by refusing to use South Korean model light-water reactors.

In a speech to a luncheon meeting of some 240 civic leaders of the port city, Kim said there would be no change in the Seoul-Tokyo-Washington agreement on having South Korea play a leading role in the provision of light-water reactors to North Korea, as specified under the Geneva accord between the United States and North Korea last October.

As the U.S.-North Korea experts' talks regarding the reactor issue are now in recess, the three governments will discuss the matter shortly but the discussion will not change South Korea's central role, he added.

"There are some people saying our position is tough, but we are just following the principles (of the agreement). We will keep following the principles," he stressed.

Kim arrived here Friday morning for a round of inspections of the nation's largest port city and the nearby South Kyongsang Province.

President Interviewed on Reactors, N-S Ties

SK3103095595 Seoul TONG-A ILBO in Korean 31 Mar 95 pp 1, 4, 5

[Interview with ROK President Kim Yong-sam by TONG-A ILBO Managing Editor Yi Hyon-nak and First Political Editor Choe Kyu-chol on the 75th anniversary of the daily's founding, at the presidential offices in

Seoul on 29 March; compiled by reporter Song Yong-on—first six paragraphs are TONG-A ILBO introduction]

[FBIS Translated Excerpt] On 29 March, President Kim Yong-sam warned North Korea that if it rejects ROK-style light-water reactors to the end, the project for the supply of light-water reactors itself will face difficulties.

President Kim said this in a special interview by TONG-A ILBO Managing Editor Yi Hyon-nak and First Political Editor Choe Kyu-chol at Chongwadae [presidential offices] on the 75th anniversary of the founding of the TONG-A ILBO (which falls on 1 April). He noted that the firm stance of the ROK and the United States is that the only possible realistic choice is ROK-style light-water reactors and that the ROK will play a central role.

President Kim stressed that the ROK would play a role corresponding to the amount of expenses it would pay, saying: "Because we will bear most of the cost of the light-water reactors, everything [modum kosi] depends upon us."

President Kim went on to say that the future dialogue channel related to the light-water reactors should be the Korea Peninsula Energy Development Organization.

President Kim added: "The ROK, the United States, and Japan will meet again soon to discuss the light-water reactors. It appears that North Korea will not easily give up on the light-water reactors, in view of the fact that the light-water reactor project was brought up by North Korea in the first place and also in view of the interest shown by North Korea in the process of the North-U.S. negotiations. The ROK and the United States will continue to make efforts to persuade the North.

With regard to the South-North summit talks, President Kim stated that because the North Korean side asked for the postponement due to their mishap [yugo], it will be a matter of course for North Korea to express its stance appropriately after its power succession process is completed. [passage omitted]

[TONG-A ILBO] Our understanding is that you have the strong will concerning a generational shift in the political circles. Would you tell us how are you going to realize such a generational shift and whom you have in mind as your successor to emerge in 1997?

[Kim] I still have three more years as president. This being the case, is it not too early for me to talk about a successor? In any era, there is bound to exist a current and a leader of the times. I believe that it is desirable to see the realization of a generational shift naturally rather than through artificial efforts.

[TONG-A ILBO] Mr. Kim Tae-chung is more actively engaged in activities than ever before. Mr. Kim Chong-pil has founded the United Liberal Democrats. Therefore, some are talking about "a new era of the three Kims."

[Kim] I would prefer if people did not use the phrase three Kims any longer. I do not want to be included in such a group, either. And, I am leaving my office in three years. My hope is that you will not mention Mr. Kim Tae-chung or Mr. Kim Chong-pil. [passage omitted]

[TONG-A ILBO] On the occasion of the 50th anniversary of national liberation, do you have any plan to put forth any epoch-making proposal to the North to break the deadlock in the South-North relationship? Do you have any intention of having our side propose a South-North summit first in case Kim Chong-il officially succeeds to power?

[Kim] Ways to improve the South-North relations have been discussed over quite a long period. And, there has already been a conclusion in the form of the South-North basic agreement. Accordingly, I believe that, with a view to breaking the deadlock in South-North relations, it is more necessary to build up trust while sincerely implementing the already agreed matters than to put forth a new proposal or seek a new agreement. I think that a South-North summit will create a favorable climate for implementing the matters agreed between the South and the North and such a summit is necessary also for the future progress of South-North relations. Originally, the South and the North agreed to hold summit talks without any preconditions attached and the government is maintaining that such a principle is still valid. Because the North did ask for the postponement of the summit due to their mishap, it will be a matter of course for the North side to express its stance appropriately after its power succession process is completed.

[TONG-A ILBO] At the end of 1994, the government released an ambitious plan to galvanize South-North economic cooperation. We feel that this plan has not been so galvanized because North Korea has rejected it and our government has put forth a precondition that the dialogue between the authorities concerned in the South and the North should be realized first. While touring Europe, you publicly expressed the willingness to supply the North with grain and raw materials. North Korea immediately rejected this, too. In view of this, some point out that the government's policy toward the North may be aimed, to a great extent, at showing off. Do you not have any plan to retract your policy of attaching preconditions that the dialogue between the authorities concerned should be realized first. Do you not have any intention of supplying the North with grain covertly, rather than overtly?

[Kim] No one can deny that a guarantee by the responsible authorities concerned of South and North Korea and an institutional framework are needed for the earnest implementation of South-North economic cooperation. South-North dialogue is essential also in discussing such matters. If North Korea really wants economic cooperation, North Korea should not turn its face away from such a process. And, there is no reason for North Korea to turn its face away from such a process, either. I

believe that an overt supply of materials to the North, including grain, will have an affirmative effect on the South-North relationship. This is because an overt supply of such materials will demonstrate the will to remove the mutual mistrust existing between the South and the North. An example was 1984, when we openly received North Korea's relief materials for our flood victims. As a result, considerable progress was realized in the South-North relations. And, it is desirable to push for South-North relations, a pan-national matter of concern, as openly as possible, also from the standpoint of pushing for such relations on the basis of a national consensus and support. [passage omitted]

Government's Stance on Reactor Issue Reviewed

*SK3103000695 Seoul THE KOREA TIMES in English
31 Mar 95 p 2*

[FBIS Transcribed Text] North Korea is currently seeking to make a compromise over the reactor issue before April 21 when Pyongyang and the Korean Peninsula Energy Development Organization is supposed to sign a reactor supply agreement, Foreign Minister Kong No-myong said yesterday.

"As the North Korean Central News Agency reported, the United States and North Korea are likely to hold a follow-up meeting in the middle of next month even though the date should be fixed through a New York channel," he said.

Kong dismissed the North Korean proposals made at the expert-level talks in Berlin as impractical because South Korea is the only party willing to play a central role in the reactor project.

"There will be no provision of light water reactors if Seoul is denied a central role in the reactor project," Kong said.

Minister Kong, apparently to clear the media's suspicions over the outcome of the Berlin talks, told reporters that the policy coordination among Seoul, Tokyo and Washington is "firm and strong" and ruled out any policy discrepancies between them. However, he refused to elaborate on the North Korean proposals.

Meanwhile, Seoul, determined to maintain a tough stance towards North Korea, is indirectly pressing Washington not to yield to North Korea's proposals made at the Berlin talks.

It also began questioning the implementation of the Geneva accord under the current circumstances that Seoul remains sidelined from the ongoing talks between Washington and Pyongyang.

Deputy Premier-National Unification Minister Na Ung-pae told a breakfast meeting at the Seoul Economist Club yesterday that the successful implementation of the reactor project is impossible if the United States and North Korea engage in bargaining in the absence of South Korea.

While reflecting Seoul's determination to stick to South Korean models, Na's remarks advise the United States to step up its diplomatic efforts to persuade North Korea to accept South Korean-model reactors which he believes will pave the road for an inter-Korean dialogue automatically.

According to Seoul officials, North Korea offered a "wide range of perplexing proposals as alternatives to South Korean reactors," which include U.S., German and Russian models of light water reactors.

"The government is firm on its position that there are no alternatives to South Korean-model reactors. However, it is still reviewing some of the North Korean proposals," a ministry official said.

In particular, the North Korean offer to accept CE-80, a reactor produced by Combustion Engineering on which the Korean standard nuclear power plant is based is most likely being reviewed.

North Korea is also believed to have offered to allow the participation of South Korean companies in the nuclear project even though it denied them central roles.

Officials here see the proposal as a North Korean attempt to sow a discord between Seoul and Washington because the proposal, attractive to Washington, is aimed at denying South Korea's central role in all the facets of the reactor project including designing, manufacturing and construction.

Meanwhile, Seoul is determined to bring the North Korean nuclear issue to the United Nations Security Council if Pyongyang breaches the Geneva accord and resumes operation of its nuclear facilities.

"President Kim Yong-sam has repeatedly vowed to deal sternly with North Korea if it fails to meet its nuclear obligations," an official said.

He said the government's relatively hardline policy is based on the notion that North Korea is not in a position to escalate tension on the Korean peninsula.

"For example, North Korea is preparing nationwide celebrations prior to the April 15 birthday of late president Kim Il-song and a Pyongyang sports and culture festival, also slated for late April," he said.

Officials believe it is time for Seoul and Washington to jointly heighten pressure on North Korea to accept the South Korean-model reactors.

Seoul is concerned with press reports that Washington is persuading South Korea to compromise with North Korea over the reactor type.

Poll Conducted on Reactor Model for DPRK

*SK3103064095 Seoul CHOSON ILBO in Korean
31 Mar 95 pp 1, 2*

[FBIS Translated Text] The absolute majority of the ROK people thinks that the ROK Government should

not bear the cost of reactors in the event that the ROK-type light water reactors are not chosen.

According to a poll that was jointly conducted by CHOSON ILBO and Gallup Korea on 30 March, 73.8 percent of the pollees answered that "the ROK Government should not be burdened with sharing expenses in supplying light-water reactors to the North if they are ROK-model reactors." Only 23.5 percent answered that "the ROK Government should still pay for the expenses."

Asked about whether they thought that "the United States takes the ROK Government's stance into account during the negotiations," 36.5 percent answered yes, while 56.8 percent answered no. And in particular, those in their 30's (60.3 percent); those in college or who have a higher education (65.2 percent); and the student and self-employed group (60.3 percent) were negative about this issue.

Of the respondents, 65.6 percent answered that "if North Korea continues to turn down ROK-type reactors, the United States should stick to the ROK-model nuclear reactors even if it entails the break up of the North Korea-U.S. Geneva agreement." According to 30.9 percent of the pollees, "The ROK may back down from insisting on the ROK-model reactors in order not to rupture the nuclear agreement."

As for North Korea's attempt to hold negotiations only with the United States while turning away from inter-Korean dialogue, 38.6 percent expressed "it is unavoidable if it is for the resolution of the North Korean nuclear issue," whereas 58.7 percent answered "even if the nuclear issue is resolved, it would be meaningless if inter-Korean dialogue is left out."

In response to the question "Do you think North Korea's recent intimacy with the United States and Japan politically and economically is beneficial to inter-Korean relations?", 52.9 percent evaluated it as positive, while 41.6 percent expressed discontent. On the chances of the outbreak of war on the Korean peninsula in the next five years, 63.3 percent answered that "the chances are extremely slim," whereas 18.6 percent said "there is a slight chance." 18.6 percent answered "it is unlikely" and 2.8 percent said "chances are high."

To conduct this survey, 515 female and male adults aged 20 or older were questioned using random sampling. As for the age group, of the 515 respondents, 161 were in their 20's, 137 in their 30's, 88 in their 40's, 129 in their 50's. As for region, 140 respondents live in Seoul, 97 in Kyonggi Province and Incheon, 23 in Kangwon Province, 45 in Taejon and Chungchong Province, 61 in Kwangju and Cholla Province, and 86 in Pusan and South Kyongsang Province. The margin of error was +/- 4.3 percent.

Telephone Service Planned To Link U.S., DPRK
SK3103031995 Seoul YONHAP in English 0302 GMT
31 Mar 95

[FBIS Transcribed Text] Washington, March 30 (YONHAP)—Telephone service between the United States and North Korea will begin April 8 for the first time.

A client services official of American Telephone and Telegraph (AT&T) said Thursday he was told by his company that they would make a trans-Pacific telephone hookup with North Korea on April 8.

North Korea's country code was set to be 850, but area codes for its cities, including Pyongyang and Hamhung, have not yet been set, he added.

An official of the North Korean Mission to the United Nations in New York confirmed the planned telephone hookup to his country and North Korea's country code as being 850.

In late January, the U.S. State Department announced the removal of several trade restrictions on North Korea, including restrictions on telephone services to the communist country.

The removal of the restrictions was a result of the terms reached in an agreement with North Korea last October in Geneva.

The formal opening of a telephone hookup between the United States and North Korea is expected to affect Washington-Pyongyang relations both directly and indirectly.

Authorities of the two countries would no longer have to communicate through the North Korean Mission to the United Nations. They could communicate directly with each other via the new telephone link.

In addition business talks and private exchanges between the two countries would be expedited. Korean residents in the United States who have families in the North will be able to talk with their families and relatives on the phone.

However, as the distribution of telephone facilities among citizens in the North is known to be limited, there is no certainty as to how freely they will be able to exchange telephone conversations.

A reliable source said, "AT&T, having completed preparations for telephone links with North Korea, has recently obtained a license from the U.S. Federal Communications Committee (FCC)."

It has not yet been confirmed if other telephone firms have applied to the FCC for licenses to open direct telephone links with North Korea.

MCI, another well-known telephone company, reportedly has been operating a single, direct telephone circuit between the North Korean Mission to the United Nations and Pyongyang since last year.

The U.S. Government informally permitted the hookup for the purposes of accurately conveying its stance on the North Korean nuclear issue when tensions mounted with the North last year, according to the sources.

Asked when it would be possible for common citizens to place direct, long-distance calls to North Korea, an MCI official said, "We don't know all the details as yet."

South Koreans Not To Use Link

SK3103082795 Seoul YONHAP in English 0755 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—South Koreans will not be allowed to use the U.S.-North Korea telephone lines to communicate with their North Korean brothers and sisters unless a separate inter-Korean agreement on such contact is made, a government official said Friday.

The United States will begin telephone service to North Korea early next month.

Unless they place a telephone call to North Korea while in a third country during an overseas tour, they must obtain the government's consent to use the U.S.-North Korea link in advance. Otherwise, they will be punished under the inter-Korean exchange and cooperation law, he explained.

Any contact with North Koreans such as meetings, telephone conversations and letter exchanges, are subject to prior government approval.

In cases where a North Korean calls a South Korean via the U.S.-North Korea hookup, the South Korean who receives the phone call must inform the authorities of the telephone conversation after it has been completed.

Under the inter-Korean exchange and cooperation law, all contacts with North Koreans, including meetings and correspondence, are subject to the national unification minister's approval. Anyone violating the law could face a fine of up to 10 million won or an imprisonment of up to three years.

U.S. Chamber of Commerce on Investment in DPRK

SK3103013395 Seoul YONHAP in English 0103 GMT 31 Mar 95

[FBIS Transcribed Text] Washington, March 30 (YONHAP)—A delegation representing the American Chamber of Commerce (AmCham) in Korea, now visiting Washington, said Thursday it is not planning to make any investments in North Korea at the moment.

The AmCham Korea delegation, headed by its President James Riddle, at a press conference held at the AmCham here, disclosed that they have no plan to send a businessmen's group to the North anytime soon, and stressed

that the most important thing for them to do now is conduct a feasibility survey on the North Korean market.

A delegation member, noting there are many hurdles to overcome in the North and that those hurdles would have to be removed before AmCham would make any investments, said that a market survey has to be done first and after analyzing the survey a decision to invest will be made.

Another delegation member added that if AmCham Korea is to establish business links with North Korea, they will first have to consider how those links will affect American businesses operating in South Korea.

Even if an AmCham Korea delegation visited the North, Riddle said, it would be designed to survey the market and not to make investments or conclude contracts.

Operating as a private organization AmCham Korea will comply with all government regulations concerning business links with North Korea, he added.

Riddle went on to say that his chamber's intention to contact North Korean businessmen has nothing to do with discussing politics.

The AmCham Korea delegation is now under an annual routine home visit termed "door knock" in a report circulated by the delegation and entitled, "Korea: U.S. Trade and Investment Issues."

Europe 'Not Interested' in Investing in DPRK

SK3103100595 Seoul YONHAP in English 0825 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—Tue Rohrsted [name as received], head of the European Union (EU) delegation to South Korea, said Friday that European countries are not interested in making investments in North Korea at the moment.

In a breakfast meeting arranged by the Korean Newspaper Editors' Association Rohrsted said that South Korea has the most potential, of any party concerned, to begin economic exchange and cooperation with North Korea.

The EU's sole interest towards North Korea is the utilization of North Korean natural resources, said the EU envoy in a lecture titled, "Prospects for South Korea-EU Relations Following President Kim Yong-sam's Trip to Europe."

He pointed out that North Korea has not fostered an environment for other countries to seek profitable relations there and said, "If we are pursuing a low-priced labor force, east European countries are more advantageous than North Korea from EU's standpoint."

He evaluated President Kim's recent trip to Europe as "appropriate in its timing" and insisted it will help

provide important momentum to expand multi-faceted relations between South Korea and the EU.

Rohrsted expressed his hope that more small South Korean industries will advance into the European market for active economic exchanges and cooperation.

With regard to the EU's recent anti-dumping actions taken against South Korean products such as color televisions and microwave ovens, he explained that the anti-dumping actions are not targeted towards specific countries.

Government Supports Poland's Move Against DPRK

SK3103055395 Seoul KBS-1 Radio Network in Korean 0512 GMT 31 Mar 95

[FBIS Translated Excerpt] Poland has asked North Korea to reduce the staff of its embassy in Warsaw by half and recalled its ambassador in Pyongyang. Poland took this measure in response to North Korea's expulsion of a Polish military delegation that had been staying in North Korea as a member of the Neutral Nations Supervisory Commission [NNSC]. Correspondent Yi Hong-ki reports from Paris.

[Yi Hong-ki] In retaliation for North Korea's expulsion of the Polish military delegation that had been staying in North Korea as a member of the NNSC, the Polish Foreign Ministry announced that the Polish Government asked North Korea to reduce the staff the North Korean Embassy in Warsaw by half. The Polish Foreign Ministry also said that it recalled the Polish ambassador in Pyongyang. [passage omitted] [end Yi]

In the meantime, in connection with Poland's measure against North Korea, the ROK Government said that it strongly supports the Polish Government's firm position on the NNSC. An ROK Foreign Ministry official, in a statement released today, said that the Polish Government's measure is an appropriate response to North Korea's illegal act under the Armistice Agreement. He urged North Korea to join in the efforts to turn the current armistice system into a peace system according to the North-South basic agreement.

Further on ROK Response

SK3103062595 Seoul YONHAP in English 0617 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—South Korea on Friday urged North Korea to resume discussions on replacing the Korean Armistice Agreement with a peace pact in compliance with the South-North Korean basic agreement signed in 1992.

Foreign Ministry spokesman Yu Kwang-sok made the urge, commenting on the Polish Government's decisions to recall its ambassador to North Korea and request Pyongyang to reduce the size of its embassy in Warsaw in retaliation for North Korea's eviction of the Polish

contingent of the Neutral Nations Supervisory Commission (NNSC) from the truce village of Panmunjom.

Yu also demanded that the North stop trying to cripple the Korean armistice treaty, noting that the Polish Government has informed the South Korean Government that it will continue to carry out its duties as an NNSC member.

Poland took punitive measures against the North by having its ambassador to Pyongyang return home and asking it to reduce by half the number of staff members stationed at its embassy in Warsaw. The reduction would send seven of the current 14 staff members home to Pyongyang within six weeks.

Poland also informed the North of its decision to suspend the proposed exchanges of official government and parliamentary delegations during the year.

U.S. Doctors Pay 'Secret' Visit to DPRK

SK3103002495 Seoul YONHAP in English 0015 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—Three reputed neurologists from the United States recently made a secret visit to North Korea, an informed source here said on Friday.

The unprecedented visit by U.S. doctors could be to administer treatment for possible ailments to North Korea's de facto leader Kim Chong-il, according to the source.

Kim has visited military bases seven times this year, but some are speculating those visits are merely designed to quell speculation that he is in poor health.

Kim has met with foreign figures only a few times since the death of his father, the late President Kim Il-song, last year. His rare appearances and meetings have since produced rumors that he is suffering from some kind of illness.

It is possible that Kim invited the doctors to treat his illness, the source said.

World Vision To Buy Grain for North Korea

SK3103114895 Seoul YONHAP in English 1046 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—The World Vision Inc.'s program to provide food grains to North Korea has become a sure reality as it remitted money to a Chinese grain middleman Friday.

"The World Vision remitted 93,100 dollars to the Hong Kong Bank account of a Chinese dealer," said an official at the Korea World Vision.

He said what remains to be done now is simply for the Chinese middleman to ship grains to North Korea.

As to the issue of whether the U.S. Treasury Department approved the use of money to finance the "foods for North Korea" program, the official said he understands world vision could remit it as the Treasury Department gave a green signal.

The initial portion of grains for North Korea, 500 tons of corn, is expected to arrive in North Korea early April if things go on as planned.

The provision of food grains to North Korea is based on an agreement reached between the World Vision and North Korea's Koryo People's Industrial Development Council in Beijing toward the close of last year.

The two sides met again in Shenyang, China early this month to agree on details on the delivery of foods.

They include the forwarding of reports on grains distribution in the North to clarify the use of the grains for humanitarian purposes only, refraining from making exaggerated publicity on the grains program, and the shipment of the first portion to the Namyang workers district of Onsong County, North Hamgyong Province, the official added.

CHOSON ILBO Runs Series on DPRK Economy

Structural Problems Analyzed

*SK2403122995 Seoul CHOSON ILBO in Korean
23 Mar 95 pp 1-2*

[First of a series of installments of "testimony" by Cho Myong-chol, former professor of Kim Il-song University, edited by reporter Kim Hyon-ho: "The Party Ruined the Economy"—first paragraph is CHOSON ILBO introduction]

[FBIS Translated Text] Mr. Cho Myong-chol, 38, defected to the ROK in July 1994 while he was in China doing research as a professor of the Economics Department of Kim Il-song University. Immediately after his defection, he held a news conference and has concentrated on research work comparing the economies of North and South Korea. The following is his testimony on the North Korean economy as a leading North Korean economic expert:

The students of the Economics Department of Kim Il-song University participate in an on-the-spot study excursion before graduation, based on the Kim Il-song teaching that students should not only learn theories in school, but study the actual situation as well. However, on-the-spot study is not going well these days, for there are no plants that have properly operating machines. During the 1970's, when the plants were in brisk operation, students were buoyant. Students completing on-the-spot study felt strong confidence in socialism. The situation was not bad in 1980 when I went on an on-the-spot study excursion myself as a student of the Economics Department of Kim Il-song University. At that time, from 70 to 80 percent of the plants were in operation.

When I visited a plant with the students in 1991 as a professor of the Economics Department, however, the situation was horrible. We went to the Nampo Glassware Plant, the largest glassware producer in North Korea. The manager of the plant happened to be the father of a student of Kim Il-song University so he was kind enough to let me closely examine the inside of the plant. Production of drinking glasses seemed to be managing to operate.

The glasses being produced, however, were all No. 8 and No. 9 products (the products for Kim Il-song and Kim Chong-il). Glass bottles were being produced, but they were all medicine bottles for Ponghwa Hospital (the hospital for high-level North Korean cadres of cabinet minister level or above).

In the important dish section, only one of the 20 furnaces was operating. I was aghast that workers were breaking the dishes they had just produced to put them in the furnace. They explained that they could not turn off the furnace. Once the furnace is turned off, it takes enormous effort to turn it on. That was why they were repeating the funny operation of putting the broken dishes into the furnace.

Sand and sodium carbonate are needed to produce glass. They had sand, but they could not receive the proper supply of sodium carbonate. This was the cause of the funny scene. Despite this, glass balls for chandeliers for luxurious buildings were being produced as scheduled. The on-the-spot study excursion covered the Yongsong Machinery Complex General Bureau in Hamhung, Hungnam fertilizer complex, 8 February Vinalon Complex, Hamhung Wool Spinning Plant, and Hungnam Smeltery in the eastern region; and Nampo Glassware Plant, Kangson Steel Works, Kumsong Tractor Plant, 13 April Iron Works, and Taean Heavy Machinery Complex in the western region. There is only one plant in the northern region included in the excursion, namely, Kim Chaek Iron and Steel Works. All of them are the leading enterprises of North Korea.

Nampo Smeltery is about the only place where the production facilities were operating. The smeltery produces gold, silver, copper, and zinc. The state intensively supervises its production because 70 to 80 percent of its products are exported. However, the plant has pushed ahead with computerization of production and management for 12 years with little success. Only the accounting department has a computer network. The plant manager said: "We thought we could computerize office management with computer and mathematics knowledge, but we find it impossible without knowing the economic aspects." However, the plant's problem did not lie in the area of computerization. Plant facilities are 30 years old and worn out, and the metal content of the mineral ore has deteriorated, resulting in coarse products. The working conditions are horrible.

This being the situation of the enterprises, it was impossible to satisfactorily conduct the students' on-the-spot

study excursions. All the North Korean colleges sent their students on on-the-spot study excursions in the past, but enterprises now refuse to accept the excursions. Since most parents of the Kim Il-song University students are senior party and government officials, the university can barely manage to send the students on the excursions. What caused the North Korean economy to become like this? When I thought of this, I felt heavy hearted when I was in North Korea, and I still feel that way in the South as well.

As a person who majored in economics and taught economics in the best university in North Korea, I have a guilty conscience. I could not express my feelings openly in the North. The only thing professors could do was give each other a telepathic sigh. The students were also aware of the miserable situation. Upon completion of on-the-spot study excursions, students are depressed. Some of them openly and angrily complain, saying: "It is different from what we learned in school." As a professor, I had to struggle hard to find an excuse for the situation, saying: "The supply of raw materials is not handled properly. Plant management itself is not to blame." The subject I taught in university was business management, not the raw materials problem. Then the students would ask: "Is there a problem with the self-reliant economy?" Then I had to answer the question from a noneconomic point of view: "Without a self-reliant economy, how can we sustain ourselves if foreign countries impose an economic blockade on us?" Both the professor and the students are well aware that the debate cannot continue any longer. If one criticizes the self-reliant economy, one's ideological consciousness is questioned.

As North Korea suffers from economic difficulties and a shortage of foreign currency, North Korean economists implicitly exchange remarks that South Korean President Pak Chong-hui did well for the economy. When President Pak Chong-hui borrowed money from foreign countries and pushed ahead with economic development in the sixties and seventies, North Korean economists were really worried that he might sell out the country and the nation. However, many now say: "Pak Chong-hui did well," and regret that North Korea failed to introduce economic openness then. However, the North Korean economy is so bad that one is at a loss as to where to begin healing it. Without bold reform, recovery is impossible. Kim Chong-il himself also acknowledged the situation in 1992 and said: "We do not have to reform, we have to remake."

The only way for the North Korean economy to survive is for Kim Chong-il to implement economic reform. He has been trained to become a successor for some 30 years, but never took responsibility for the economy. Perhaps he was aware that the economy is the most difficult problem to deal with. He graduated from the Economics Department of Kim Il-song University. He has to concentrate his best efforts on economic recovery now and bet his, as well as North Korea's, destiny on it. To do it, Kim Chong-il himself should become the North

Korean premier to grasp the seriousness of the problem of the North Korean economy to find a new way out. Otherwise, he should step down from power.

On 'Wasting' Foreign Currency

SK2803132795 Seoul CHOSON ILBO in Korean
24 Mar 95 pp 1, 2

[Second of a series of installments of "testimony" by Cho Myong-chol, former professor of Kim Il-song University, edited by Kim In-ku of the Korean Reunification Institute: "The Party Ruined the Economy"]

[FBIS Translated Text] All kinds of gifts were given to us several times a year, namely on Kim Il-song's and Kim Chong-il's birthdays and various commemorative days. My father, Cho Chol-chun, served as construction minister of the Administration Council for 16 years from 1978 to 1994. Gifts given to high-ranking cadres are truly impressive. The gifts include medicine such as wild ginseng, bear's gall bladder, and musk; foreign-made cognac such as Napoleon and Hennessy; foreign-made cookies; all kinds of clothes, from suits to underclothes; Japanese-made color television sets, VCR's, and recorders; and so on. They receive almost every highest-quality gift necessary for everyday living.

The gifts I received when I was a professor at Kim Il-song University were not as good as the gifts my father received, but they were gifts that were hard for the ordinary North Korean resident to imagine. For example, my father received the highest quality Japanese-made Panasonic television while I received a lower quality television set.

It is needless to say that the special consideration of the party and political cadres is to maintain the system. What cannot be denied is that the expenses needed to maintain such a system is bankrupting the North Korean economy. It is to a degree difficult to explain in words how much the North Korean residents devote their blood and sweat to gain even a penny of foreign currency. The situation is that it is difficult to revive the economy, even though we reinvest all foreign currency earned into the production sector. However, we are wasting foreign currency by patronizing the core class and on various political events. Thus, it is inevitable for the economy to further sink into a swamp. Even though the plants do not operate because of a lack of raw materials, foreign currency needed to import raw materials is flowing to improbable places. The more boisterous events that take place and large buildings that are built in North Korea, the more its economy becomes all the more ill.

There are hardly any organizations in North Korea that are not involved in earning foreign currency. Military units and educational organizations as well as plants and enterprises are mobilized to earn foreign currency. The work to earn foreign currency is promoted in an organized manner by the party, government, and military. In

most plants and enterprises, there is the "No. 3 work site" that is wholly responsible for earning foreign currency. Raw material and production facilities are supplied here first over anywhere else.

The monthly productivity of the Pyongyang Brewery in Oesong-tong, Chung District, Pyongyang is 350 to 400 tonnes. Of that, about 10 to 20 tonnes are produced at the No. 3 work site for the purpose of earning foreign currency. The general product is produced by mixing wheat and corn, but the product for earning foreign currency is made properly, using the regulated amount of barley and hop. The beer to earn foreign currency cannot be produced in great amounts due to a lack of raw materials. The entire quantity of beer is delivered to the Pyongyang Foodstuff Complex, then sent to the External Services Bureau of the Administration Council and the Taesong General Bureau affiliated with the Workers Party of Korea [WPK]. The External Services Bureau sells the beer through hotels using foreign currency and foreign currency-only restaurants; the Taesong General Bureau sells the beer to foreign currency-only stores.

At the Taesong General Bureau, this beer is sold only through foreign currency; however, the price paid to the brewery is calculated in North Korean money according to domestic prices. There is an 80 to 100 times difference between the official foreign exchange rate and actual foreign exchange rate of the U.S. dollar to the North Korean currency. Therefore, the Taesong General Bureau gains a profit to this degree. The Taesong General Bureau is operated by the No. 39 room of the WPK, which is directly headed by Kim Chong-il. Ultimately, all foreign currency earned by the Pyongyang Brewery is obtained by the WPK and Administration Council. We can say almost all North Koreans are working to obtain foreign currency. Even though one picks bracken from mountains, it is to obtain foreign currency. Chongpyong County, South Hamgyong Province, picks fruits and wild edible greens; Saetpyol County, North Hamgyong Province, picks mushroom and herbs; and Chagang Province picks wild edible greens to earn the allotted foreign currency. In every city, province, and county, the No. 5 management office, which is a work site to earn foreign currency, is established to manage the residents in their earning of foreign currency.

From the late 1970's to mid-1980's, the movement to dig gold dust was carried out on a large-scale. Professors and students of the Geological Department of Kim Il-song University were mobilized in this movement.

Along with this, individuals who possessed gold exchanged it for foreign money or merchandise coupons, enabling them to buy goods at foreign currency-only stores. This was to gather all the gold in North Korea.

At that time, 1g of pure gold was sold at \$15 on the international market, but was exchanged for 10 won in North Korean currency (the official foreign exchange rate was about five dollars, though the actual rate was only seven to eight cents). Even so, the actual price paid

was only seven to eight won. The gold pen nib of a fountain pen was valued at one won.

Thus, the foreign currency earned by the blood and sweat of the North Koreans was at the most \$1.5 billion annually. It is estimated that among them, at least several hundred million dollars is leaked to the non-economic sector.

If foreign currency investment is reduced in the economic sector, it will be inevitable for the work to earn foreign currency to shrink due to the decline of imports of raw material, and once again the vicious circle of a decline in the earning of foreign currency will continue.

Amid this kind of situation, there is foreign currency personally obtained by Kim Chong-il. We do not know exactly how much foreign currency goes into Kim Chong-il's personal cash box, but North Korean cadres guess the amount of foreign currency accumulated up until now is billions of dollars.

Kim Chong-il's money is managed by the "Secretariat" where it consists of only his core aides.

Foreign currency reinvested in the production sector is not carried out in a planned manner. There is no long-term plan. Investment is made in necessary sectors only when it is needed.

For example, if North Korea thinks it is necessary to develop the metal industry, it concentratedly invests foreign currency in that field. North Korea designated 1989 as the "year for light industry." As such, foreign currency was concentratedly released only to the light industry sector at that time.

If the economy is not in harmony with other sectors, it will be difficult to develop one sector of the economy. This is the same in socialist countries as well.

As long as the party holds the power to deal with foreign currency, there is no way to revive North Korea's economy.

On WPK's Role in Businesses

SK2803140995 Seoul CHOSON ILBO in Korean
25 Mar 95 pp 1, 2

[Third of a series of installments of "testimony" by Cho Myong-chol, former professor of Kim Il-song University, edited by Kim In-ku of the Korean Reunification Institute: "The Party Ruined the Economy"]

[FBIS Translated Text] I attended Kim Il-song University in 1982. My house was located in an apartment complex for ministers in Sinwon-tong, Potonggang District, Pyongyang. Kim Kyong-yon, then vice premier and finance minister, was living in our building. One day I saw him leave his apartment and return home on foot. He left and returned home on foot for one month. Kim did not go to the Finance Ministry but the Workers Party

of Korea [WPK] to write letters of criticism all day. He walked home to have lunch then left again.

His crime was that at a private meeting he criticized politically motivated large construction projects. At that time, the Arch of Triumph and the Tower of the Chuche Idea were under construction, and the expansion work on Kim Il-song Stadium was under way. Kim Chong-il initiated the plan to begin these projects. Vice Premier Kim Kyong-yon said: "It is wrong to spend large sums of money on these projects." Kim was charged with anti-party remarks. This was a natural concern of the person in charge of the national treasury. His ordeal did not end after writing letters of criticism. Kim and his family were sent to concentration camps and were never heard of. The career of North Korea's most renowned treasury expert ended in this way.

What is the use of an economic expert in North Korea under these circumstances? Ministers of the Administration Council do not present creative ideas or logic. No matter what excellent economic plans the Administration Council may map out, they are useless. One day the party suddenly decides: "Because the situation is tense these days, let us hold a mass rally of 1 million people to mark the anniversary of the party founding." Is it easy to mobilize 1 million people? They must rehearse the rally for several months. This results in lost production at every enterprise. Everything is done this way, and no one can oppose it.

The party's tyranny strongly affects each and every enterprise. I once visited the Yongsong General Bureau of Machine Industry. At the entrance, I met with this enterprise's party secretary in charge of organizational affairs and talked with him. At that moment, a truck was leaving the enterprise. The secretary stopped the truck and asked the driver where it was headed. When the driver said he was going to bring coal at the enterprise manager's instruction, the secretary asked him to do another task; the driver hesitated for a moment, then followed the instruction of the secretary. Even though this episode may look insignificant, it is a good example showing the problems of North Korean enterprises. An enterprise's party secretary in charge of organizational affairs is more powerful than the manager in charge of the enterprise's entire operation.

Every North Korean government office or public organization has a party committee, and enterprises are no exception. The Workers Party regulation stipulates: "The basic mission of an enterprise's party committee is to guarantee activities for production with the assistance of policies." However, in reality a party committee obstructs production activities in most cases. A party committee responsibly gives guidance to the political and ideological lives of the enterprise's cadres and workers. If a manager has a conflict with a party secretary, the manager may eventually be in danger of being criticized ideologically. This means a party secretary is the most powerful person in an enterprise.

The party committee drives workers to nonproductive meetings to study the works of Kim Il-song and Kim Chong-il, to sing songs of loyalty, and to sum up their lives. Therefore, to the workers, political and ideological education is more important than activities for production.

A party committee is formed in every ministry of the Administration Council, and a section-chief-level official of the party Central Committee is appointed as the party committee's secretary. Still, a minister cannot overrule the party secretary because the party secretary can write down the minister's activities and report to the Organization and Guidance Department of the party Central Committee. Even if the minister has a different idea about the operation of the national economy, he cannot say it openly, because saying it means rejecting the party's demands and principles. When he was alive, Kim Il-song repeatedly said the "party should not misuse authority and reign over the administrative sector." This means he knew the party's interventions and tyranny were posed problem.

However, Kim Il-song did not do anything to correct this problem because if the party weakens, the North Korean establishment will collapse. Moreover, the party's unitary leadership was strengthened in all sectors in the 1980's to build Kim Chong-il's succession system, and as a result, the party's abuses worsened. An enterprise's personnel structure is also a problem. The management is too bloated compared to the working class. When Kim Il-song ordered a plant built, what appeared first was a management office. Managerial positions are filled before the plant is even finished; production positions are filled later.

I had a chance to see the Pyongyang Vinyl Chloride Shoe Plant before I went to the PRC to study in 1992. This plant, a second-level enterprise, was an advanced plant which had automation equipment imported from Italy in the late 1980's. This plant had 500 skilled workers and over 100 management officials, including the manager, chief engineer, and party secretary. Moreover, management officials actually did almost nothing; they merely did paperwork. Other plants are no different. Once set, the number of management officials is not reduced. In particular, the tyranny of party secretaries and low-level cell secretaries is undescrivable. North Korea cannot be revitalized unless the party is broken up.

On Food Shortage

SK2903122795 Seoul CHOSON ILBO in Korean
26 Mar 95 pp 1,2

[Fourth of a series of installments on "testimony" by Cho Myong-chol, former professor of Kim Il-song University, edited by Kim In-ku of the Korean Reunification Institute: "The Party Ruined the Economy"]

[FBIS Translated Text] Occasionally, the government purchases grain in Pyongyang. The residents sell the grain that they have saved at home to the state. Everyone, from the

general public to party cadres, participates. During the government purchase of 1990, Vice Premier Kim Hwan parted with about 500 kg of rice and corn, to the admiration of those around him. One can hardly save this much grain at home and sell to the state even if one is a senior official of the party and government.

As far as I can remember, the government purchase of grain started around 1985. In North Korea the government urges every home to save food in case a war breaks out. The government then requests the residents to sell it to the state. The North Korean food situation is so bad that the government has to conduct the "purchase" in the heart of Pyongyang, where people do no farming. The price of rice rationed by the government to the residents is 18 chon per kilogram, but the state pays 35 chon per kilogram when it purchases rice from the residents, almost double the rationing price. However, no one is willing to sell his grain for money. In the market rice is sold at prices ranging up to 20 won per kilogram. One is compelled to participate in the government purchase to a degree because others are watching him, and those who participate in it actively are commended with citations.

The food shortage in North Korea is undoubtedly serious, particularly in the northern region, such as North and South Hamgyong Province, Chagang Province, Yanggang Province, and North Pyongan Province. In this region, food rationing is often delayed one month and sometimes up to five months. Under normal circumstances, food is rationed bimonthly, once every 15 days. Residents in rural areas have food from their own farms, so they can manage somehow, however, urban office and plant workers suffer the most. Since 1989 people roaming about in rural areas looking for food has rapidly increased, resulting in the gradual loosening of travel restrictions on them.

North Korea, by nature, cannot be self-sufficient in food. The amount of cultivated land is small and the quantity of sunshine is insufficient. In Hamgyong Province, the cold sea air creeps into the ground, and the water is cold in many areas even in the summer. Therefore, farming cannot be done efficiently. Kim Il-song in his lifetime said: "If Hamgyong Province becomes self-sufficient, I will stretch my legs and sleep well." However, the food shortage worsened rapidly when the Soviet Union collapsed and the smuggling of food into North Korea virtually stopped. To make matters worse, the weather turned bad causing poor crops. In addition, the production of fertilizer was not done properly. In particular, North Korea has to import all its potassic fertilizer, but it cannot import as much as it needs because of the shortage of foreign currency. Seed improvement is unsatisfactory and the soil is turning acidic. The farmers are becoming more and more discouraged. When the students go to the rural areas to help farmers with rice transplanting or harvesting, the farmers only grumble at the students instead of working. The students jeer at them, calling them "guiding farmers." When I visited

Chamsuwon cooperative farm in Samsok District in Pyongyang on a trip home from a training session I was attending in China in 1993, I observed that cornstalks in a small privately cultivated garden were growing tall and healthy, while cornstalks in the cooperative farm were in very poor shape.

The policy of attaching importance to propaganda and publicity leads the residents to go even hungrier. Each year, the Agricultural Committee of the Administration Council compiles grain production statistics. The problem is that the figures are inflated tremendously. Every cooperative farm reports inflated figures. The figures are inflated more and more as the reports go through the counties and provinces.

If the totaled figures show an annual production of six million tons, the actual amount is about four million tons. In 1984, the government announced the all-time high figure of 10 million tons; however, actual production was about 6.8 million tons.

How to use the food totaled in this manner is decided by the Ministry of Food Administration. Top priority is given to setting aside for storage No. 2 rice (rice for the armed forces). For instance, if annual production is totaled at 10 million tons, No. 2 rice is set aside in larger quantities than usual based on the figure for the total annual production. However, because actual production is far less, the share for the general public that remains after deducting all other shares is far smaller than the statistical figure. It often happens that when officials from the Ministry of Food Administration visit warehouses to obtain grain for rationing, they find the warehouse empty.

Because the statistical figure shows the food supply exceeds demand, a funny situation developed in which North Korea exported food to Africa in 1980. The unreasonable planned economy and the competition for loyalty are making fools out of people. The exact quantity of food production in North Korea is determined by the Ministry of Food Administration based on actual consumption; however, because this is top secret, even economics professors do not know it.

The problem of shipping food is as important as the quantity of production. The situation would be far better than it is now if the grain produced in Hwanghae and South Pyongan Provinces were shipped to North Hamgyong and Chagang Provinces in a timely manner. The situation is helpless because of the shortage of trucks and the absolute shortage of oil.

The food shortage is serious in North Korea, but it seems the situation is exaggerated to a certain degree in the ROK. Overall, the North Korean food shortage is not so serious as to have people starving to death. In rural areas in North Korea, a certain surplus quantity is available, and this is supplied to urban areas through the market place. At the same time, North Koreans are trained to keep a certain quantity of grain in reserve in case of

emergency, no matter how difficult the situation may be. "Government purchases" are also having some effect. Recently, the government reduced the storage of No. 2 rice and released part of it for use elsewhere. However, it is evident these sorts of makeshift measure will not last long. During his lifetime, Kim Il-song devoted the greatest part of his interest and energy to the agricultural sector. The irrigation network in North Korea is of world standards. North Korea increased cultivated land so much it is now difficult to find any idle land. Because the situation is as bad as it is despite the aforementioned efforts, the food problem in North Korea is unlikely to be solved unless they introduce drastic policy changes, such as introducing a family contract system or partly permitting private ownership. At the same time, unless North Korea earns foreign currency by vitalizing industry through drastic reform and openness, it will not be able to solve the agricultural problem either.

On Censorship of Intellectuals

SK2903072395 Seoul CHOSON ILBO in Korean
27 Mar 95 pp 1,2

[Fifth of a series of installments on the "testimony" of Cho Myong-chol, former professor of Kim Il-song University, edited by Kim In-ku of the Korean Reunification Institute: "The Party Ruined the Economy"]

[FBIS Translated Text] Smoking is not allowed in the lecture or research rooms of Kim Il-song University. Instead, there are designated "smoking areas" in hallways, which naturally serve as meeting places for professors. These professors simply exchange daily routine chats, but sometimes they voice concern about the country. With a long sigh, some people say: "We also now need a drastic change. Under circumstances in which South Korea is rapidly developing, we had better not sit idle like this..." But, the conversation cannot go further. This kind of talk can only be exchanged between those who can be frank with one another. Even if the word "reform" is used instead of "change," one may face a serious problem.

The only thing professors in North Korea can do is to praise the political system. While the role of intellectuals is to seek out, criticize, and seek solutions to social problems, this is hardly possible in North Korea. There are many people working at social science research institutes, such as Kim Il-song University, the Academy of Social Sciences, the Chuche Idea Academy, and the University of the National Economy. However, they can never fulfill the function of providing advice or suggestions on the process of the state's making and implementation of policies. Such functions are monopolized by the party.

Professors in North Korea also publish many treatises. Senior instructors (equivalent to the ROK's full-time lecturers) at Kim Il-song University must release at least two treatises per year. The scholars' treatises, however, unanimously defend the theories put forth by Kim Il-song and Kim Chong-il, and the party's lines. One

example is: "The theory (or policy) on ... [blank as published] is a most original and scientific theory which we should adhere to forever in the socialist economic construction." Even though treatises are expressed differently, the contents of such different treatises remains the same.

A treatise is studied jointly by professors of a department who try to find out if there is any problem in the treatise. There is a party committee attached also to Kim Il-song University, and salaried party secretaries are even posted to each faculty (equivalent to ROK's college) of the university. While such secretaries lack the expertise to review professors' treatises, once a professors' meeting has made an issue of a problem in a treatise, then secretaries will thrust themselves forward to punish a pertinent professor.

Also, editors of the university press meticulously examine professors' treatises to ensure that nothing runs counter to the party's lines or policies. Under these circumstances, professors are on no account willing to write about anything that can become a problem.

Here is an episode from 1987. Pak Chol, a researcher at the Academy of Sciences, issued a treatise which stressed the need to introduce "a family piecework system" to effectively increase the peasants' zeal for production activities, and sent it to our university's Economics Faculty in accordance with custom. The basis for North Korea's agricultural management is "the sub-work team management system." Comprised of 20 to 40 households, a sub-work team is the smallest unit on a cooperative farm. In the family piecework system, the family is a subdivision of the sub-work team and functions as the smallest unit. After examining this, three agricultural professors judged that this was worth discussing, and they reported this to Kim Hwan, then secretary for scientific education at the party headquarters. Thinking that Kim Chong-il would also approve of this, Kim Hwan held a large-scale discussion at the Grand People's Study House (equivalent to the National Library). The large-scale discussion was attended by about 800 people, including professors from Kim Il-song University, officials of the Economy Institute of the Academy of Social Sciences, cadres of the Agricultural Commission, cadres of the party headquarters, and relevant agricultural officials.

Choe Yong-nim (now vice premier), then responsible secretary at the Presidential Palace, reported this to Kim Il-song. Kim Il-song was angered by Pak Chol's treatise, and called it "a reactionary treatise introducing a capitalist management method." Criticized as not having been armed with Kim Il-song's unitary ideology at a Political Bureau meeting, Kim Hwan was ousted from his post at the Political Bureau. This was because the principles of the "sub-work team management system" was put forth by Kim Il-song. The professors of Kim Il-song University were also harshly criticized.

Here is another episode. A construction project was completed in preparation for the 13th World Youth and

Students Festival in Pyongyang in 1989. On 1 May that year, a ceremony was held to open Kwangbok Street in the presence of Kim Il-song and Kim Chong-il.

After cutting the tape, Kim Il-song gave encouraging remarks to the shock brigade troops who were standing in line to welcome him. Then Vice President Pak Song-chol said, "Because of the speed battle, people had a hard time," and due to this, he himself had a hard time at a Political Bureau meeting, because Kim Chong-il had already defined: "The speed battle is the general line which our party is maintaining in the socialist economic construction."

Pak Song-chol "distorted" this quote in saying that the construction workers had "had a hard time" because of the "speed battle." Pak was not dismissed from his post because he had many achievements to his credit. Instead, Pak had his qualifications suspended, and was placed below Yi Chong-ok, his former peer, in the power hierarchy. These actions were implemented by the vice directors of the party Organization [and Guidance] Committee which are under the direct supervision of Kim Chong-il.

This being the case, there is no way to correct the lines or principles put forth by Kim Il-song and Kim Chong-il, no matter how behind the times those lines or principles are. "The Taean work system," a principle on industrial management which Kim Il-song put forth in 1962, was aimed at intensifying the party's guidance and laying emphasis on the spirit of collectivism. At that time, because evil effects caused by the unitary management system under plant managers remained, "the Taean work system" could claim to be a realistic remedy. Today, when 30 years have lapsed, even though the situation has completely changed and everybody now knows that the party interference hampers production activities, nobody can criticize "the Taean work system." Treatises which only have praise for this system continue to pour out.

This is also true of the "Chongsan-ri spirit, Chongsan-ri method," a principle on agricultural management adopted in 1960. Criticism is not allowed even though production has been curtailed because priority is being given to collectivism in all economic activities.

Policies and lines should suit the circumstances of the times. When a society is changing and developing, the policies and lines of a certain era cannot remain valid forever. This notwithstanding, North Korea is upholding the lines of some 30 years ago as if such lines were eternal truths; and anyone who criticizes these lines, is branded an anti-party element. In a society where the role of intellectuals has been completely paralyzed, it appears unlikely that any constructive and creative policy alternatives will be presented. This is the very reason why it appears that North Korea has no hope.

On Privileges for Party Cadres

SK3003094195 Seoul CHOSON ILBO in Korean
30 Mar 95 p 2

[Sixth of a series of installments on "testimony" by Cho Myong-chol, former professor of Kim Il-song University, edited by reporter Kim Hyon-ho: "The Party Ruined the Economy"]

[FBIS Translated Text] North Korea advocates an equal society. If even "equality in poverty" were realized, the residents would complain less. However, the privileges the North Korean privileged class enjoys is as great as that of any other socialist state in the past. The cadres of the Workers Party of Korea [WPK] comprise the privileged class.

In Pyongyang, there is the Yongsong special foodstuffs plant. The plant produces high-quality drinks, including the North Korean beer Yongsong beer, and cake. The products produced by this plant are supplied only to the central party functionaries. Part of the products are used to earn foreign currency, and the revenue goes to the central party. As this plant was considered to be unable to meet the demand, they have recently built another plant called "Nagwon Foodstuffs Plant" in Sosong District, Pyongyang. The proprietorship of these plants is held by the finance and accounting department of the central party. In Chaeryong County, South Hwanghae Province, there is a large-scale rice farm managed directly by the central party. The rice produced here is shipped directly to Pyongyang and supplied only to the functionaries of the central party. The farm exists outside the state's food administration system and managed separately.

The central party also owns a directly managed orchard in Kwail County, North Hwanghae Province, a vegetable farm in Nangnang District in Pyongyang, and a livestock farm in Chunghwa County. The products produced in these places are supplied only to those who work at the central party through the central party supply station in Pyongyang. The central party supply station located across the street from the Koryo Hotel in Tonghung-tong, Chung District, Pyongyang occupies a four-story building, and although its scale is a little smaller than the No. 1 department store and it is larger than the No. 2 department store. In the WPK No. 3 building, which houses only southward operation organizations, there is another supply station, therefore, combining this, the scale of the supply station is larger than the No. 1 department store.

The central party supply station is an entirely different world. It is full of foodstuffs, such as rice, meat, fish, and vegetables, as well as daily necessities. Light industrial products are set aside with top priority to supply the central party functionaries if the central party finance and accounting department notifies to the Administration Council Light Industry Committee of the particulars of allocation. The central party functionaries enjoy special treatment in the allocation of housing as well. When

the first-stage construction of the Changgwang Street—the top-class residential area of Pyongyang—was completed, people assumed that the apartments for 2,000 to 3,000 families would be allocated to ordinary working people as well as to the central party and Administration Council functionaries.

But, in reality, all of those apartment houses were assigned only to those in the party headquarters. Those in the Administration Council did not receive any, either. In this regard, people complained: "It is extremely unfair." Because of this, after the second-phase construction was completed, only about 70 percent of the apartment houses were assigned to those in the party headquarters. But, almost all of the rest were assigned to those in influential agencies, such as the Second Economy Commission (which is in charge of dealing with military supplies) and the Foreign Ministry; and an extremely small number of those housing units were assigned to meritorious athletes and families of anti-Japanese guerrillas. The functionaries at the party headquarters number around 8,000 to 10,000. The party headquarters has the general secretary at its top in its hierarchy; and is composed of secretaries, directors and vice directors of departments, section chiefs, responsible instructors, instructors, and assistant instructors. Because almost all of the ministers in the Administration Council are concurrently members of the WPK Central Committee, they receive a considerable amount of good treatment. Vice ministers receive, however, inferior treatment than instructors at the party headquarters. If an official is transferred from the party headquarters to the Administration Council, he will have to turn over his dwelling house to the party, and he will no longer be able to use the party headquarters' supply store.

Like this, whereas the party headquarters is systematically turned into an institution of privileged class, local party organizations are thoroughly corrupt ones. Because the local party organizations are assuming the reins of the producing enterprises in their individual regions, it is a general trend that the party committees in the provinces and counties "are living off" those enterprises.

Even some Kim Il-song University professors receive lots of kickbacks from responsible secretaries of county party committees who are also parents of students of this university. The lower echelon a party organization is in, the more corrupt it becomes. A few years ago, the responsible secretary of the party committee of Yangdok County, South Pyongan Province, gave a three-day feast in celebration of his son's wedding. It seemed that those in the entire county turned out to be engaged in a support-giving project for the wedding. Unable to remain indifferent to this, a discharged veteran reported this to the party headquarters, and, as a result, the responsible secretary was fired.

The party is making many efforts on its own to prevent party cadres from abusing their influence and from committing corrupt and irregular activities. At every

opportunity, Kim Il-song stressed and Kim Chong-il has stressed: "Do not indulge in bureaucratism." Uproarious is the slogan "Serve the people!" But, as long as the party monopolizes power, it is impossible to correct this situation. Unless the party's power is curtailed, it is difficult to uproot the party's evil practices. And, it is not likely at all that Kim Chong-il will weaken the party by uprooting such practices.

In the mid-eighties, Kim Chong-il gave a directive: "Sons of party cadres should succeed their fathers." In accordance with this, almost all of the sons and daughters of those who are vice directors of the departments at the party headquarters or higher have entered important departments of the party headquarters or the Administration Council. This means that along with the father-son Kim succession of power, a succession of a privileged class is also underway.

On Party, Army Disrupting Economy

SK3103054295 Seoul CHOSON ILBO in Korean
31 Mar 95 p 2

[Seventh and last installment of a series on the "testimony" by former professor of Kim Il-song University Cho Myong-chol, and edited by reporter Kim Hyon-ho: "The Party Ruined the Economy"]

[FBIS Translated Text] North Korea has a centrally controlled economy. In order to enforce this type of economy, a unitary management system is necessary. However, close examination of the North Korean economy shows that this system is not working properly. The economy-supervising organizations are in a mess.

In North Korea, the Administration Council is charged with economic affairs. All enterprises and plants should, in principle, fall under the supervision of the Administration Council. However, the party and the Army have an entirely separate economic system for them. In particular, the party frequently disrupts the state's economic order using its superior position.

There is the Second Economic Committee under the National Defense Commission (whose chairman is Kim Chong-il). The committee is charged with the munitions sector, and consists of 12 general bureaus. General Bureau No. 1 is charged with the production of light weapons, General Bureau No. 2 the production of heavy weapons, General Bureau No. 3 the production of missiles, and so forth. Equipped with an external economic general bureau, the committee directly conducts exports of weapons and imports of raw materials. The production target prepared by the Second Economic Committee has to be fulfilled without condition. The supply of raw materials and electricity are given top priority. Even when other civilian plants stop operating, munitions plants remain in full operation. The Second Economic Committee is so powerful that it is often called the Second Administration Council.

Yongyon County in South Hwanghae Province is under the direct supervision of the Ministry of the People's Armed Forces. All the products produced in this county go to this ministry. Not only farm produce, such as rice, fruits, and meat, but also light industrial goods supply the military. No products produced in this county are allowed to be shipped elsewhere. The county's administrative system is fashioned in military style, and the county's responsible party secretary, who belongs to the Ministry of the People's Armed Forces, rides a military jeep. The Army thus has one whole administrative unit under its control and is using it for munitions supply.

The party does the same. There are a number of enterprises the party owns directly, such as Sangwon Cement Complex, No. 8 Steel Mill, and Hungnam Smelter.

Raw materials and other supplies are allocated to them with priority over other ordinary enterprises. The party has a national network of its own for earning foreign currency. The bracken and other wild edible greens which residents harvest, go to the party through the No. 5 management stations located in all districts. The enterprises under the Administration Council must produce something to earn foreign currency, but the party earns foreign currency even if it uses only the residents' primary labor. The party thus plunders, rather than helps, the Administration Council, which is responsible for the people's economy.

The problems of the North Korean planned economy are serious. The production plan of each enterprise is prepared primarily by the enterprise itself. The State Planning Committee then makes adjustments; the party Political Bureau makes a decision on it; and the Supreme People's Assembly approves it. It is unreasonable for the State Planning Committee to adjust the production targets of all the individual enterprises.

Even if the production target is set most reasonably, if a problem occurs in one corner, it will cause chain reactions ruining the entire plan. In the case of the Sungni Automobile Plant, if a problem occurs at a certain parts supply plant, the Sungni Automobile Plant cannot operate. If some parts are supplied mostly early in the month and other parts mostly late in the month, the production of a finished product is delayed.

Under circumstances where all areas are thus interlinked, it is impossible to foresee the overall state economy and set up perfect plans. Because the enterprises frequently fail to fulfill their production targets for a lack of raw materials, the planning functionaries of the enterprises have to rush about adjusting their plans throughout the year. If one enterprise reduces its production target, another enterprise in the next stage is kept busy adjusting their plan.

The prospects for the North Korean economy are discouraging because the economy does not function along lines of economic logic. Even if the socialist economic principle were put into practice properly, the prospects would not be

so disappointing. The North Korean economy is controlled by the party, and a dominant topic for all time is the logic of the politics and system. I believe the North Korean economy has potential energy. The question is whether it can make a momentous upturn. The upturn is impossible without removing the party's absolute superiority and despotism. That is the way for North Korea to survive. The forces which are victimized by the party despite the power they have, such as the Administration Council and the Army, should launch themselves into undermining party supremacy.

Defector Discusses DPRK's Food Shortage

SK3103063695 Seoul YONHAP in English 0620 GMT
31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—Some North Koreans are growing opium and using the money earned from its sale to help them deal with the shortage of food, a North Korean defector said Friday in a press conference here.

Pak Chol-man, 28, said, "Around the North Korean region of Hamhung and Chongjin cities where the food shortage is most serious, there is a considerable number of people who are secretly cultivating opium in mountain recesses."

He defected to the South last Monday along with five other North Koreans of a family headed by O Su-yong, 61, formerly a Korean resident in Japan repatriated to the North in the early 1960s.

While growing opium, some North Koreans became addicted to it, Pak said. He also said that because of the food shortage, cases of burglary are on the increase, saying that he saw several burglars openly executed.

Commenting further on the North's situation, Pak said that after Kim Il-sung died North Koreans could not hold private events, like marriages and memorial services for ancestors, in their homes because the Workers' Party instructed Koreans to maintain a "saddened mood" during the mourning period.

Pak, a sericultural inspector for the Hamhung rural economy management committee, befriended O Myong-son, O Su-yong's son, while serving in the Army's Seventh Corps at Hungnam, and joined O's family in the defection.

O Myong-son, 31, said his social life was restricted by North Korean authorities because his father resided in Japan and had been sent to the North.

"I thought my life in North Korea was insignificant, and decided to escape to the South after hearing about the real situation of South Korea from an ethnic Korean peddler residing in Yanbian, China," O said.

He explained that he secretly went to China and hid in an ethnic Korean's house before he returned home to Sinuiju city in September of last year to take his family to China.

His father O Su-yong was repatriated to North Korea from Hyogo Prefecture, Japan, in February 1962 and has since worked at a chemical factory and a steel products warehouse along the Amnok (Yalu) River, among other places.

O's son, Myong-son, has worked at a producer's cooperative store in Sinuiju, near an estuary of the Amnok River, since he was discharged from the Army in October 1989.

Inspection of Imported Foods for USFK Urged

SK3103061695 Seoul KYONGHYANG SINMUN in Korean 31 Mar 95 p 3

[By reporter Yi Pyong-kwang]

[FBIS Translated Text] The Anticorruption Committee (chairman: Yi Se-chung), an advisory organ for the chairman of the Board of Audit and Inspection, recommended on 30 March that the Status of Forces Agreement [SOFA] be revised so as to allow inspections and quarantines of agricultural products that the U.S. Forces Korea [USFK] imports from foreign countries for its meals.

In a report entitled "The Status of Corruption in Foodstuffs and Measures Against It," the Anticorruption Committee stressed the need to thoroughly inspect and quarantine agricultural products the USFK imports from foreign countries, revealing: "No inspections or quarantines have been enforced so far on agricultural products imported by the USFK, and it is feared disease or vermin will flow in from foreign countries."

The Anticorruption Committee also revealed: "The ROK Ministry of Agriculture, Forestry, and Fisheries has asked on many occasions to establish regulations in the SOFA relating to the inspection and quarantine of imported agricultural products so the ROK Government can quarantine them. However, this has been unsuccessful due to the lukewarm attitude from the United States."

The committee stressed: "Foreigners and foreign organizations in our country must follow our government's procedures for inspection or quarantine when they introduce agricultural and livestock products or foodstuffs into our country."

The committee added: "With the participation in the World Trade Organization as the occasion, the government should secure advanced inspection and quarantine equipment, more capable inspection and quarantine specialists, and more funds. The current law on foodstuffs sanitation should be stipulated in detail in conformity with the Uruguay Round's agreement on sanitation and quarantine and with the regulations of the International Foodstuffs Standard Committee."

Paper Notes Increase in IPR Violations

SK3103001195 Seoul THE KOREA TIMES in English 31 Mar 95 p 3

[FBIS Transcribed Text] Violations of intellectual property rights (IPR) have increased sharply over the past

five years amid the ever-mounting international pressures to open market in those fields.

The Seoul District Prosecutor's Office said yesterday that the number of IPR offenders rose almost four times during the five years from 1989 to 1993.

According to a report from the office, a total of 10,423 IPR violations took place in 1993 alone, compared to 4,944 in 1992, 4,436 in 1991, 3,064 in 1990 and 2,254 in 1989.

Law enforcement authorities caught 92 percent of the violators annually, the report said, showing South Korea's strong will to protect the increasingly important rights.

Classified by the type of violated IPR, copyrights topped the list with 3,743 or 33 percent in 1993, followed by illegally appropriated trademarks at 3,130 or 27.6 percent.

Violators of the Law on Records and Videos accounted for 2,843 or 25.1 percent and those of the Patent Law numbered 993 or 8.8 percent.

Noteworthy in the report is the increase trend in violations of the Computer Program Protection Law.

Unauthorized duplication of computer software programs in 1993 numbered 625 or 5.5 percent of the total IPR violations, compared to about 100 in the previous year.

Trademark violations also rose 140 percent, and copyright violations 130 percent.

An official of the prosecutor's office said, on condition of anonymity, "Since 1989, violations of intellectual property rights have been increasing by more than 30 percent on the average annually, although other crimes showed a rate of less than 6 percent a year."

"Now is the time for us to toss out the conventional thought that infringement of intellectual property rights is a necessary evil while our undeveloped capitalist economy is developing," he said.

"From a long-term view, the law enforcement authorities will conduct an intensive and steady crackdown on the IPR violators and we will be doing our best," he said.

President on Economic Ties With Ukraine, Colombia

SK3103004595 Seoul THE KOREA TIMES in English 31 Mar 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam hoped that Korean enterprises will play an important role in furthering economic cooperation with Ukraine and Colombia in his separate meetings with Ukraine Supreme Lada Chairman Oleksandr Moroz and Colombian Vice President Humberto de la Calle Lombana at Chongwadae [presidential offices] yesterday.

Kim told Moroz that Korea's small business firms, as well as large business groups, can be instrumental in expanding the Korean-Ukrainian economic partnership, according to presidential spokesman Yun Yo-chun.

President Kim also showed a positive response to the Colombian vice president's request for more Korean investment in the Latin American country, which will assume the chairmanship of the Non-Aligned Movement (NAM) in October.

After Kim congratulated him on Colombia's new status as a chair country of the NAM, De la Calle said that his country will try to turn the non-aligned move into a forum for economic and trade cooperation between developing countries, quite different from its former role as an arena of ideological confrontation.

Kim thanked Moroz, who came here at the invitation of his Korean counterpart National Assembly Speaker Hwang Nak-chu, and de la Calle for their countries' active support for Korea's bid to gain a non-permanent seat at the United Nations Security Council, Yun said.

Moroz said that Ukrainian Government has already ordered its U.N. ambassador to give support for the South Korean move.

The Ukrainian parliamentary leader said that Ukraine, now in an economic crisis, is taking South Korea as a role model in its economic drive to introduce a market economy and advance to the world market, the presidential spokesman said.

Citing that 8,600 ethnic Koreans are living in the Central European nation, Kim asked for the Ukrainian Government to pay more heed to their well-being.

De la Calle asked for Korean cooperation in its bid to become a member of the APEC [Asia-Pacific Economic Cooperation] and President Kim responded favorably, saying Seoul will consult the matter with other member countries, according to Yun.

'Working Holiday' Visa MOU Signed With Australia

SK3103100195 Seoul YONHAP in English 0743 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—South Korea and Australia signed a memorandum of understanding (MOU) Friday morning which introduced a working holiday "maker" visa agreement to be implemented Aug. 1 this year.

The bilateral agreement, signed by Foreign Minister Kong No-myong and Australian Minister for Immigration and Ethnic Affairs Nick Bolkus, will allow young people from both countries, between the ages of 18 and 30, to obtain one-year multiple entry "working holiday maker" visas.

The program offers tourists the opportunity to work part-time or temporarily, for up to a three-month period, in the other country to supplement their travel budget as well as to do more than just sightsee during their foreign journeys.

"The working holiday scheme promotes international understanding and gives young people the opportunity to support themselves as they experience other countries," Bolkus, also a senator, said at a press conference at the Australian Embassy in Seoul.

Last year, a total of 100,000 Korean tourists flocked to Australia, twice as many as the year before. For 1995, the Australian Ministry of Immigration expects to issue 160,000 visas for incoming Koreans, of which 5,000 will be for young travelers.

Australia hopes to issue 600 to 700 working holiday maker visas this year.

Through a move to streamline the visa application process, Bolkus announced in February that visitors from Korea can obtain their visas through travel agencies. In conjunction with that agreement, the Australian ministry established a pilot program with a South Korean tour company where travelers can apply for their working holiday maker visa.

Ajum tours was selected as the sole travel agency authorized to process these special visas. Five or six more agencies will be allowed to make arrangements for the working holiday makers in the future, Bolkus added.

Bolkus arrived in Seoul Sunday and is the first Australian immigration minister to travel to the country.

He was accompanied by Christopher Conyveare, secretary of the Department of Immigration and Ethnic Affairs.

Kim Tae-chung Views Condolence Issue

SK3103115195 Seoul YONHAP in English 1042 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, reiterated his assertion Friday that the government made a "mistake" on the issue of condolences over the death of Kim Il-song.

"There are two kinds of condolence: A condolence of genuine mourning and a condolence of calculated mourning diplomatically necessitated," Kim said.

In a lecture at the Samsong-tong Catholic Church in Taejon, the former opposition leader said the government ought to have taken a little more wise attitude at the time of the death of Kim Il-song.

He claimed that the "mistake" the government made at that time has driven "us into a difficult position now."

At that time, he said, North Korea, displaying an extraordinary diplomatic ability, had considerably succeeded in dragging the United States, Japan, China and Russia into their pace, whereas "our stance has been weakened in a relative sense."

Kim said that presently he sees little signs of early settlement of strained inter-Korean relations.

"However, North Korea cannot be hostile to South Korea indefinitely since it would be obliged to accept a South Korean model of light-water reactors in the end," he said.

Kim went on to say that the United States should guard against the attempt of North Korea to drive a wedge between Seoul and Washington.

"If North Korea wants the South to give up a policy to attain unification by absorbing North Korea, they, in their part, should rectify those parts apt to be misunderstood as representing a scheme to communize the south," Kim said.

DP President Urges Unity of Opposition Forces

SK3103022995 Seoul YONHAP in English 0218 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—Yi Ki-taek, president of the opposition Democratic Party [DP], said Thursday the opposition forces in the country must be united if they are to overcome the regional hegemony that may emerge in the wake the local elections slated for June 27.

Addressing a panel debate at the Kwanhun Club, a senior journalists fraternity, as a guest speaker, Yi said that a united front among the opposition forces is necessary for their eventual integration or the country's political restructuring.

Yi said he objects to the parliamentary cabinet system that is being sought by a new political party, the United Liberal Democrats.

As to the issue of the North Korean light-water nuclear reactor project, he called on the government to determinedly keep its plan going to get South Korean model nuclear reactors adopted in the project.

"If North Korea would keep refusing the South Korean type to the end, the president should step in and meet summit leaders of the United States, Japan and China in person to seek a solution," he emphasized.

He said he could be a help with the problem, saying "I myself am willing to visit Pyongyang in an effort to solve the reactor issue."

On the possibility of former opposition leader Kim Tae-chung returning to the politics, "I believe him and what he said when leaving the politics." Pressed to reveal whether he would quit his party if Kim returned and sought candidacy for the president on his party's ticket,

Yi said, "I'll never bolt. I would compete with anyone in the party under democratic procedures and it would be enough."

Yi Myong-pak Submits Candidacy for Seoul Mayor

SK3103025195 Seoul YONHAP in English 0235 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—Rep. Yi Myong-pak, member of the ruling Democratic Liberal Party (DLP), submitted his application Friday in which he announced his wishes to represent the DLP in the Seoul mayoral election slated for June 27.

Rep. Yi completed his candidacy registration and will compete with other candidates, who wish to represent the DLP, in an intraparty vote.

After the registration, Rep. Yi said, "The open competition will help the democratization of the party get confirmed in and out of the party and enhance the competitive power of the party nominee."

He predicted that the party candidate who is chosen via fair voting will surely win the mayoral election.

"Seoul citizens want a fresh figure with efficient administrative ability. Such politicians who aim for the post of Seoul mayor solely for political purposes cannot solve many problems facing the metropolis," Yi said.

He was chairman of Hyundai Engineering and Construction Company before he entered the political world in 1992.

Consumer Prices Increase 4.6% in 1st Quarter

SK3103054695 Seoul YONHAP in English 0515 GMT 31 Mar 95

[FBIS Transcribed Text] Seoul, March 31 (YONHAP)—South Korea's consumer prices registered a moderate 4.6 percent rise in the first quarter of this year.

The rise in prices contradicted fears of an inflationary spiral which were expected as a result of sharp rises in city bus fares and school tuition fees.

According to figures released by the Bank of Korea and the National Statistical Office Friday [31 March], the cost-of-living index for March increased 4.7 percent over last year, following increases of 4.2 percent in February and 4.9 percent in January.

Also in March, public utility rates climbed 7.5 percent affected mostly by an increase in city bus fares and school tuitions.

Personal service fees and farm prices also rose 6.7 percent and 5.7 percent, respectively. But manufactured products and fuels only increased slightly by 2.2 percent each, while home rents rose 3.4 percent.

Oil price hikes were linked to the world market price and the increased import prices of industrial materials pushed up the country's producer prices in March by 1 percent over the previous month, and 5.1 percent over the same month last year.

Consumer prices jumped 1.4 percent in March alone, chiefly due to annual raises of secondary school and kindergarten tuitions. The raises came earlier than usual to increase March's consumer price index by 0.32 percentage points.

Kim Ho-sik, a price official of the Finance and Economy Ministry, predicted that this year's target level of inflation, 5 percent to 5.5 percent, would easily be attained.

He said that the first quarter is expected to see a slow rate of inflation despite that hospital fees on the medical expense insurance plan will increase 5.8 percent and inter-city and express bus fares will rise 20 percent and 9 percent, respectively, in April.

The ministry said consumer prices jumped 29.3 percent nationwide over the past four years (1991-94): 33.7 percent in Taejon, 31.3 percent in North Cholla, 31.1 percent in Pusan, 30.7 percent in Kyonggi and Cheju, 30.3 percent in Kangwon, 30.2 percent in Taegu, 29 percent in North Kyongsang and 24.2 percent in South Kyongsang.

Burma

Reports Presented at National Convention Session BK3103112395

[FBIS Editorial Report] Rangoon Radio Myanmar in Burmese at 1350 GMT on 30 March broadcasts a 180-minute program containing "excerpts" of proposal reports presented at the 30 March plenary session of the National Convention by representatives of the political party delegates group. The proposal reports concern prescribing detailed basic principles for the prescription of self-administered divisions and self-administered zones. The following delegates presented their respective reports:

U Aung Khin of Union Pa-o National Organization tabled his party's report proposing to reconsider arrangements for a self-administered area for Pa-o under the proposed plan. "Only the minority 180,000 out of the total population of 450,000 Pa-o nationals will be entitled to the right of self-administration while the majority of the Pa-o will be living outside of the area of self-administration." U Aung Khin also proposed that Kyauktalon be declared a township.

U Anthony Su alias U La Yaung of the Shan State Kokang Democratic Party tabled his party's proposal report, which thanked the convention for prescribing a self-administered zone comprised of Konkyan and Laukkai Townships. He proposed the additional area of Kunlong be included in the Kokang self-administered zone to give better access and urged that the prescription of self-administration be based on the principles of democracy and human rights.

U Maung Pein alias U Khin Maung Thein of Mro or Khami National Solidarity Organization presented his party's proposal paper for a legislative role for Mro or Khami nationals under the new state constitution.

U Kyar Shi of the Lahu National Development Party tabled his party's proposal for a role for Lahu nationals in legislative, judicial, and executive affairs.

U Mahn Tin Maung alias U Mahn Myo Nyunt of the Union Karen League tabled his party's report proposing the inclusion of a clause for a Karen Affairs Council in the state constitution.

U Lo Hsin Kwan of Kokang Democracy and Unity Party presented his party's report proposing the prescription of Kunlong as a self-administered area.

U Nyi Palok of Wa National Development Party presented his party's report proposing procedures for prescribing self-administration status and self-determination.

U Khin Maung, Panglong, member of the Central Executive Committee of the National League for Democracy [NLD], presented his party's report saying: "We observe that in the present world, it is the parliament, which is composed of representatives elected democratically by

the people, that drafts the state constitution in many countries. These representatives, who are entrusted with the mandate [preceding word given in English] by the voters, are capable of acting on behalf of the people. There is proof in our country of the constitution being drafted in accordance with this practice. Because the current National Convention is not a constituent assembly and because of the reasons stated above, the NLD cannot agree to the discussion of the issue of self-administration by National Convention delegates and their prescriptions on the issue. Therefore, as stated on previous occasions, the NLD again solemnly proposes that the government forms a commission and solicits the wishes of the people in the respective regions."

"This very delicate task should be undertaken and implemented by the persons concerned after carrying out fieldwork. By carrying out fieldwork, the commission would be able to obtain and ascertain clearly the wishes of the people of the regions concerned. The NLD proposes that the commission be formed with the leaders of the country, leaders from states and divisional level, national leaders recognized by national races in their respective regions, and knowledgeable experts. Furthermore, we again propose that states, divisions, and persons who participated in the 1947 Panglong Conference and representatives, who were elected in the free and fair multiparty democratic elections held on 27 May 1990, be included in the commission. Furthermore, the commission should include independent observers [two preceding words given in English] from areas other than areas considered for self-administered status. The National Convention is to seriously consider and decide on these matters. It is a most urgent matter for the nation to establish a union state."

Continuing, U Khin Maung elaborates on the National League for Democracy's stance on the issue of prescribing self-administered areas. He says it is the NLD's view that "this National Convention is meant only to lay down basic principles" and that "the prescription of self-administered areas is a very delicate matter" and a slight mistake could affect unity of the Union, national unity, and national sovereignty. The NLD views that "it is not appropriate for this National Convention to prescribe self-administered areas without soliciting the wishes of the local people of the regions concerned." The reports says that "the National Convention should only discuss principles which could be used as reference to determine self-administered areas" and that the government should set up a commission to determine self-administration and prescribe terms of reference for the commission. In conclusion, the NLD delegate proposed that the government hold referenda in regions concerned to ascertain the wishes of the local people and to ensure these referenda are free and fair.

U Sai Aik Paung of the Shan National League for Democracy [SNLD] presented the report of his party saying the issue of self-administration, which is included

in the state structure, is related to legislature and administration and that it is of "very expansive and profound nature" and that "it could become very complicated if it is not handled properly."

The SNLD proposes that "1. the Union be formed with states based on equality; 2. member states of the Union shall have full political autonomy; 3. autonomous regions and national areas in states be prescribed as necessary; 4. autonomous regions shall have administrative autonomy and national areas shall have cultural autonomy; 5. for the National Convention not to prescribe the issue of self-administered areas; 6. A. to announce special census be conducted in areas concerned in order to correctly decide on the issue of self-administered areas, B. to form census bodies composed of representatives from the central and regional level to systematically collect the data, C. to form a commission of enquiry composed of distinguished persons, and D. to hold a referendum when a reliable census can be announced; 7. secret ballot be used for referendum on autonomous regions; 8. basic principles for the state constitution be based on one principle with no exception such as reference to national races who already have a state or division; 9. to precisely announce which indigenous races have the status of state, division, self-administered division, or self-administered zone."

U Tun Yi of the National Unity Party [NUP] presented his party's report, rehashing the report of the chairman of the National Convention Convening Work Committee on self-administered areas. The NUP reports says "thorough discussions should be held and agreement reached at the National Convention on the issue of self-administered areas as it is a delicate matter."

Mon Rebels Said Ready To Resume Truce Talks

*BK3003151095 Bangkok THE NATION in English
30 Mar 95 p A8*

[Report by James Fahn]

[FBIS Transcribed Text] Ethnic Mon separatists fighting the ruling Burmese State Law and Order Council (Slorc) have decided to resume negotiations on a military ceasefire with Rangoon.

Nai Tin Aung, the New Mon State Party (NMSP) official in charge of foreign affairs, said the party's central committee decided in a meeting which ended last week to resume the talks. Previous rounds of negotiations held last year were suspended by the NMSP because of a disagreement over the zones of control to be allocated to the Mon insurgents.

"The NMSP will resume talks with the Slorc," Nai Tin Aung said. "We have not yet fixed a date, we need to contact the Slorc first, but they will probably be held in April."

He said he also expected the new negotiations, as with the previous rounds of talks, to take place in the coastal city of Moulmein.

Asked whether the Mon would also seek a political settlement, or the payment of a tax for the construction of a gas pipeline slated to run through Mon-held territory, the Mon official only said that discussions on a ceasefire would come first.

"Negotiating a military ceasefire is the first step in the dialogue," he explained "All other matters, including a political settlement, will come later."

Nai Tin Aung said he is optimistic that Slorc would come forward with a new position on what areas the Mon separatists would be allowed to control. The Slorc's previous offer to allow the Mon to hold twelve small areas in southeastern Burma was deemed unacceptable by the NMSP.

"I don't think they will offer the same thing again," he said. "The deadlock has lasted one year already. So I am hopeful they won't take the same position."

The Karen National Union, another ethnic separatist group which has been in battle with Burma's central government for decades, also announced Monday that it would seek ceasefire talks with the Slorc. But Nai Tin Aung said he had not previously been aware of the KNU's decision.

Mon and Karen troops are both active in southeastern Burma, where a pipeline is to be constructed to transport gas from Burma's Gulf of Martaban into Thailand. Both the KNU and the NMSP have said they opposed to the construction of the pipeline under the current conditions of the project.

Indonesia

President Suharto on 'Prudent' Economic Policy

*BK3003161895 Jakarta ANTARA in Indonesian 0758
GMT 30 Mar 95*

[FBIS Translated Text] Jakarta, 30 Mar (ANTARA)—President Suharto has stated that Indonesia will continue to follow a prudent [preceding word in English] policy in managing its economy, including foreign loans.

Speaking to reporters on Cendana Street Thursday after accompanying the head of state to a meeting with Russels Chetham, the World Bank vice president for East Asian and Pacific affairs, Finance Minister Mar'ie Muhammad said that Indonesia will continue to give priority to soft loans and will avoid commercial loans.

The president reaffirmed the prudent policy after Chetham expressed the hope that Indonesia will handle its economy more prudently.

"The World Bank appreciates the Indonesian Government's prudent policy. The World Bank hopes, however, that Indonesia will be even more prudent in view of the dangers in the global economic situation such as the Mexican case," Mar'ie quoted Chetham as saying.

During the meeting, the president once again expressed his hope that the World Bank and other multilateral bodies will seek ways to deal with the negative impact of the yen's appreciation.

"Although we realize the problem is very complicated, Indonesia hopes that all multilateral bodies will seek ways to deal with the yen's overappreciation against the U.S. dollar," he said.

The head of state also asked the World Bank to help develop human resources at state-owned banks within the framework of the consolidation of the financial sector.

According to Mar'ie, Chetham and his staff will seriously consider the Indonesian request.

Meanwhile, Chetham told reporters the World Bank hopes that Indonesia will continue to achieve high economic growth. Its growth reached 7 percent in 1994.

High economic growth will enable the Indonesian Government and people to promote the people's welfare and achieve an even distribution of the fruits of development.

When asked about a CGI [Consultative Group for Indonesia] meeting to be held in Paris in several months, he said the World Bank will continue to honor its commitment to Indonesia because the latter has used its loans very well.

He said, however, that he and President Suharto did not discuss preparations for the CGI meeting, which will be chaired by World Bank officials.

Emphasizing Indonesia's foreign loans, he hoped that domestic sources will play a greater role in meeting the growing need for funds.

Bureau Notes 7.34% Economic Growth in 1994

BK2803033695 Jakarta ANTARA in Indonesian 0835 GMT 27 Mar 95

[FBIS Translated Excerpt] Jakarta, 27 Mar (ANTARA)—Sugito, head of the Central Statistics Bureau (BPS), said Indonesia's economic growth reached 7.34 percent in 1994 compared with 6.5 percent in 1993 and 6.4 percent in 1992.

Speaking to reporters after accompanying Ginanjar Kartasasmita, minister of state for national development planning/chairman of National Planning Development Board, who presented his report on the change in the standard measurement of the gross domestic product (GDP) to President Suharto at Istana Merdeka [Merdeka palace] on Monday, Sugito said the economic growth rate for 1995 was expected to reach above 7 percent.

The high economic growth for 1994 was due to major growth in three sectors, which are: the industrial sector, the sector for electrical development, and the construction sector. These sectors contributed more than 10 percent of the growth.

According to the BPS chief, the petroleum sector also contributed toward the high economic growth of 7.34 percent. The economic growth rate would have stood at 7.8 percent if the petroleum sector was not taken into account. [passage omitted]

BI Notes Stalled Credits in State-Owned Banks

BK2803081395 Jakarta MERDEKA in Indonesian 25 Mar 95 pp 1, 10

[Italicized words published in English]

[FBIS Translated Text] Jakarta, Friday [24 March], MERDEKA—An *on the spot* reexamination by the Bank of Indonesia [BI—the country's central bank] on problem credits in state-owned banks has shown a lack of accuracy in categorizing the credits as unsmooth or questionable.

The BI explained during a news conference in Jakarta on Friday that the categorization of the credits in terms of collectibility had been corrected. "The amount of the credits in the unsmooth category, particularly in the Indonesian Development Bank [Bapindo], increased following the correction," said Syahrial Hamid, BI chief officer for legal affairs.

During a working meeting with House Commission VII, BI Governor Sudrajat Jiwandono said that 6.1 trillion rupiah of the 103.8 trillion rupiah worth of credits channeled by state-owned banks had been stalled.

The BI governor said that the amount of stalled credits on the national level increased from 3.34 percent (of 147 trillion rupiah worth of the total *outstanding* credits) in December 1993 to 3.97 percent (187 trillion rupiah worth of the total *outstanding* credits) in January 1995. Meanwhile, the amount of credits classified as smooth in terms of collectibility in all national banks, including state-owned banks, also increased.

According to the BI's latest corrected data, the amount of smooth credits in all national banks rose from 85.83 percent in December 1993 to 87.94 percent in December 1994, while that in state-owned banks increased from 80.22 percent to 81.37 percent during the same period.

"An increase in the amount of the stalled credits has basically been attributed to a shift in categorization. Many credits in the unsmooth or questionable category have now fallen in the stalled category," Syahrial said.

On the same occasion, BI Director Hendrobudiyanto said that a field examination revealed about 900 billion rupiah more worth of stalled credits, particularly those in state banks.

In general, the BI governor noted an improvement in the development and supervision of national banks in terms of their institution, licenses, ownership, management, credits, and banking operations.

If a bank shows a decline in its soundness level, an analysis will be conducted to find the causes of the problem and the BI will subsequently hold immediate consultations with the management of the relevant bank to discuss necessary efforts to improve the situation.

A decline in the soundness level of a bank is not necessarily related to difficulties in daily management. Temporary external factors and errors in adopting a strategy can be among the causes.

"Under those circumstances, the BI will ask the management of the relevant bank to take immediate steps to restore the bank to a sound level," Sudrajad said.

Philippines

Further Reportage on Spratly Islands Situation

Officials Say Dispute Worsening

BK3103012895 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 30 Mar 95

[Passages in italics in English]

[FBIS Translated Text] If the rift between the Philippines and Singapore is getting bad, the row between Philippines and China is getting worse. The two governments exchanged warnings on the Spratly issue. Beijing continues to insist on its claim to Mischief Reef, despite talks for peaceful resolution of the dispute over the islands. This is what Foreign Affairs Undersecretary Jose Villa said in a hearing held by the Senate Committee on Defense. Meanwhile, Defense Undersecretary Feliciano Gacis said the number of Chinese fishermen continues to increase. In fact, the Chinese are fishing more widely in Philippine territory.

[Begin Gacis recording] I cannot give you arithmetic, estimates or percentages. What we know is *there are more than before*. [end recording]

At present, the Philippine Navy has increased its forces in the area.

[Begin Gacis recording] We have to balance our assertion of our sovereignty, versus the effects that could happen if we overreact. Yes, because [pause]...*if the Chinese will become piqued* I do not know how they will react. [end recording]

Meanwhile, tension in the Spratlys increased when the Navy detained 62 Chinese fishermen who were arrested with 100 sticks of dynamite and more than 40 live sea turtles. Earlier, the authorities removed the markers erected by the Chinese.

Defense Head: Taiwan Fueling Tension

BK3103015395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 30 Mar 95

[FBIS Translated Text] Taiwan has confirmed that it is sending armed patrol boats to the Spratlys today.

According to CENTRAL NEWS AGENCY reports, the patrol boats will leave the Port of Gaoxiong and patrol the islands occupied by the Taiwanese Marines, including Pratas Island.

Earlier, Defense Secretary Renato De Villa said that Taiwan's decision will worsen tension in the Spratlys.

Eight PRC Ships in Area

BK3103040195 Quezon City Radio Filipinas in English 0230 GMT 31 Mar 95

[FBIS Transcribed Text] The Philippines has sent more troops to contested Spratly Islands and will set up additional reef markers and shelters to impose its claims against incursions by China, the military chief said Thursday [30 March].

Chief of Staff General Arturo Enrile refused to say how many troops are now deployed in the Philippine-occupied parts of the Spratlys, but he said about eight ships are in the area in case more troops are needed. The actions are the latest in the gradual escalation of tensions in the South China Sea island group also claimed by Vietnam, Taiwan, Malaysia, Brunei. On Tuesday, [words indistinct] said to have sent naval vessels to the Spratlys. The government gave no further details, but press reports said a 400-ton cruiser will be sent to the area.

Task Force To Stop Foreign Ships

BK3103085595 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 31 Mar 95

[FBIS Translated Text] The military has formed a task force to monitor and prevent the entry of foreign ships in Philippine waters. Naval Force District Commander Jose Divinagracia said that the group will be called Task Force 41. The said task force is composed of eight naval ships supported by a special warfare group or Swag. According to Divinagracia, the task force was created after the reported entry of two Chinese warships in the territorial waters around the Kalayaan Islands.

Ramos Urges Asians To Avoid Military Conflicts

BK3103105395 Quezon City ABC-DWET Television in Tagalog 1000 GMT 31 Mar 95

[FBIS Translated Text] President Ramos urges neighboring countries in Asia to avoid military conflict. In a speech to the 23d Williamsburg Conference, the president said that Asian nations should focus their attention on promoting their respective economies. It must be recalled that several nations in the region claim the Spratly Islands, including China, which was alleged to have set up military structures in the Spratlys.

Communist Chief Urges Continuing Armed Struggle

BK3003150395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 29 Mar 95

[FBIS Translated Text] The leader of the Communist Party of the Philippines [CPP] called on its guerrilla

members to continue revolutionary warfare in the country. CPP Chairman Armando Liwanag, alleged to be the alias of Jose Maria Sison, said it was the government's administration, which caused all the troubles in the country. On the occasion marking the 26th anniversary of the New People's Army [NPA], Liwanag said that under the present conditions, he was sure armed revolution would succeed. According to the statement, the government's failure to protect Flor Contemplacion from hanging and the increase of taxes triggered widespread protests from the people.

On the other hand, AFP [Armed Forces of the Philippines] officials said the NPA does not have the capability to stage armed warfare anymore; more so, because the communist forces in the country had already been divided.

Investments Increase 343 Percent in 1994

*BK3003064095 Manila BUSINESS WORLD in English
27 Mar 95 pp 1, 7*

[Report by Marvin A. Tort]

[FBIS Transcribed Text] The country's level of investments increased by 343 percent in 1994 after it raked in P[pesos]480.16 billion in investments last year as against P108.38 billion in 1993.

In a memorandum to President Ramos, Trade and Industry Secretary Rizalino Navarro reported that in 1994, approved investments registered with various government units increased by as much as P371.78 billion.

Furthermore, all of the government's investment units posted considerable gains, save for the Subic Bay Free Port Zone where total investments dropped by 23 percent to P7.452 billion from the 1993 figure of P9.7 billion.

A favorable business climate has been prevailing. Foreign as well as local investors are generally content with the perceived stability of the country's political situation. Moreover, the supposed consistency in economic policies in relation to the country's Asian neighbors makes the Philippines a more attractive investment haven.

Furthermore, the government's earnest attempt to establish the necessary infrastructure for economic development augurs well in terms of attracting more investments into the country.

The Board of Investments [BoI] got the lion's share of investments registered last year with P454.85 billion, up P362.35 billion or 392 percent higher than the 1993 figure of P92.5 billion.

Equity investments totalled P159.54 billion of which P97.78 billion or 61 percent came from local investors while P61.76 billion or 39 percent came from foreign counterparts. Both local and foreign equity investments registered growth rates of 401 percent and 329 percent, respectively.

The Export Processing Zone Authority [EPZA] came in second in terms of total registered investments, reporting a total of P9.59 billion in investments last year which was P6.904 billion or 257 percent higher than the P2.686 billion figure of two years ago.

Total equity investment reached P9.59 billion, with local equity investments growing by 73 percent and foreign equity investments by 229 percent.

Subic still came in third as the most attractive investment haven, cornering P7.452 billion in investments despite posting a 23 percent decline from investment figures of two years ago.

The decline could be attributed to the decrease in foreign equity investments, which dropped by 40 percent from P8.85 billion in 1993 to P5.30 billion last year.

On the other hand, local equity investments increased by 152 percent to P2.15 billion last year from P855 million in 1993.

Meanwhile, the Clark Development Corp., which started operation in May 1993, cornered in 1994 a total of P4.276 billion in lease agreements. This figure is P2.366 billion or 124 percent higher than the P1.910 billion in investments it cornered during its first year of operation.

Total equity investments increased by 124 percent to P4.276 billion in 1994 from P1.910 billion two years ago.

For 1994, the Securities and Exchange Commission reported that investments from newly incorporated domestic stock corporations and increases in capitalization totalled to P18.2 billion and P56.71 billion, respectively while investments covered by the Foreign Investments Act posted a total of P3.94 billion.

Meanwhile, foreign investments registered with the Bureau of Trade Regulation and Consumer Protection increased last year by 40 percent to P21 million from P15 million in 1993.

Net portfolio investments registered with the Bangko Sentral [Central Bank] last year decreased by 43 percent to P22.52 billion from P31.08 billion in 1993. However, registered foreign direct investments increased by 123 percent to P22.05 billion in 1994 from P9.87 billion in 1993.

Mr. Navarro said the approved investment projects registered last year is expected to generate a total of 251,390 jobs of which BoI-registered ventures will generate employment for 145,513 workers.

Clark and Subic projects are expected to generate 12,670 jobs and 8,761 jobs, respectively, while-EPZA registered projects has an actual figure of 84,446 jobs, he added.

Thailand

Cambodia's Hun Sen Arrives for Official Visit

Meets Chuan, Discuss Tourism

BK2903161295 Bangkok Radio Thailand Network in Thai 0530 GMT 29 Mar 95

[FBIS Translated Text] The second prime minister of Cambodia, Samdech Hun Sen, paid a courtesy call on Prime Minister Chuan Likphai at Government House at 1000 today. A plenary meeting of the two sides was held, followed by the signing of agreements on the promotion of tourism and the protection of investments between the two countries. At 1200 the Thai prime minister hosted a luncheon for Samdech Hun Sen and his wife at Government House.

The agreement on tourism cooperation between Thailand and Cambodia is aimed at promoting friendship and mutual understanding between the two countries based on a long-term development plan for the tourism industry. The two countries will seek to scrap redundant measures or regulations required for tourists from both countries as well as from a third country, whether they are travelling in groups or individually, or in Cambodia or Thailand. Tourism offices will be set up in each country to promote and coordinate work on tourism based on the signed agreement and the rules and regulations in each country. It will promote an exchange of knowledge and expertise on tourist organizations, management, and operations, and will assist each country in training personnel in tourism. The agreement will be in force for five years and will be automatically renewed for the same period of time unless a party indicates, by writing, six months before the expiration of the agreement, that it wants to cancel the agreement.

Prime Minister Hun Sen and his wife are scheduled to visit the CP Tower of the Charoen Phokkhaphan Group on Silom Road at 1715 today. The president of the Charoen Phokkhaphan Group will host a dinner in honor of the second prime minister of Cambodia and his wife.

Signs Agreements

BK3003004995 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 29 Mar 95

[FBIS Translated Text] Hun Sen, the second prime minister of the Kingdom of Cambodia, has arrived in Thailand for a visit. He was accompanied by a party of about 50 members and was welcomed upon his arrival at the Bangkok military airport by Foreign Minister Doctor Krasae Chanawong.

The Cambodian delegation includes the minister attached to the prime minister's office; the ministers of the interior, national defense, agriculture, and industry; the military chief of staff; the governors of the border provinces of Siem Reap, Battambang, Banteay Meanchey, Koh Kong, and Preah Vihear; the secretary general

of the Cambodian Investment Council; and leading Cambodian businessmen. The entire delegation attended the meeting with the Thai prime minister at Government House.

Speaking to reporters after the official consultation, Prime Minister Chuan Likphai noted the great interest expressed by the Cambodian prime minister in investment in Cambodia. Cambodia expressed its readiness to give assurances for the safety of Thai investors. The Cambodian prime minister expressed his regret over the killing of some 20 Thai workers and promised not to let it happen again. On clashes at the common border, Prime Minister Chuan asked Cambodia to discuss each incident with Thailand in a straightforward manner.

[Begin recording] [Chuan] I told him that Thailand follows international practice. We do as other countries do concerning border problems. The problems that we had, however, were mostly created by the various sources of information, which were not well-intentioned. Therefore, from now on, I want the two sides to speak out straightforwardly.

[Unidentified reporter] When will the agreements reached take effect?

[Chuan] The joint committee of both countries will hold a meeting in Phnom Penh in May. Details will be thrashed out at that level. [end recording]

Akkharaphon Sorasuchat, spokesman attached to the Prime Minister's Office, and Pracha Khunakasem, the permanent secretary of the Foreign Ministry, also gave a press briefing on the talks. According to them, Prime Minister Hun Sen asked Thailand to give a permanent status to the border passes at Poipet and Hat Luk in Trat Province, but to have Chong An Ma in Ubon Ratchathani, Chong Chom in Surin, and Chong Phra Malai in Sisaket Province remain temporary border passes. The Thai prime minister agreed in principle. He wanted, however, officials of both countries to study the areas first to make sure.

To Cambodia's request for the repatriation of Cambodian refugees and the Khmer Rouge, the prime minister stressed that Thailand upholds international practice in this matter and repatriation would be carried out only when there is a guarantee of safety for those to be repatriated.

About the massacre of 22 Thai workers several months ago, Prime Minister Hun Sen said it was the work of the Khmer Rouge. He said the Cambodian Government will send more details on this to Thailand directly.

The Thai prime minister wants more guarantees from Cambodia for Thai businessmen investing in that country. He called for direct contacts between the two sides instead of speaking through the mass media, which could cause misunderstanding and affect the good relations between the two countries.

After official consultations between the Thai prime minister and Cambodia's second prime minister, a ceremony was held during which the agreement on promotion and protection of Thai-Cambodian investment was signed by Foreign Minister Dr Krasae Chanawong and Keat Chhon, Cambodian minister of state in charge of rehabilitation and development. The agreement on tourism was signed by Sawit Phothiwihok, minister attached to the Prime Minister's Office, and Veng Sereivut, Cambodian minister in charge of tourism. The agreement covers a period of five years for cooperation in the development of the tourism industry and the setting up of representative offices for an exchange of information.

Commenting on the agreements signed, Deputy Prime Minister Suphachai Phanitchaphak said the investment agreement will serve as a guarantee against any expropriation or transfer of investment projects under the state. It will also help in solving disputes concerning investment between the two parties. He noted that Thailand is one of Cambodia's major trading partners and that, with more systematic practice, it will be easier for Thailand to compete with its major rivals, such as Malaysia or Singapore.

Sawit Phothiwihok, minister of the Prime Minister's Office, said Cambodia wanted Thailand to open five permanent border passes with Cambodia, including a pass leading into Siem Reap and the site of Angkor Wat, passes by land and sea, and passes for trade as well as investment. [sentence as heard] Concerning security for tourists, he said a thorough survey will have to be made before any tourist attraction can be opened up for Thai tourists to visit.

Lao Official: Resistance Group Based in Thailand

*BK3103125095 Bangkok BANGKOK POST in English
31 Mar 95 p 12*

[FBIS Transcribed Text] The Laotian government claimed yesterday that three members of a right-wing Laotian resistance movement who were killed in Laos in early February were carrying identification cards issued by the Tham Krabok drug treatment centre of Phra Chamrun Panchan in Saraburi's Phra Phutthabat District, a provincial source said.

The claim was made at a meeting of the sub-committee on Thai-Lao peace-keeping cooperation along the border of this northeastern province yesterday.

Pol Lt-Gen [Police Lieutenant General] Phairot Nutchaya director of the Directorate of Joint Operations of the Supreme Command, headed the 12-member Thai delegation.

The Laotian delegation was led by Brig Gen Douangchai Phichit, deputy chief of staff of the Laotian Armed Forces.

The meeting was for both sides to inform one another of border problems that took place during the first three months of the year.

The Laotian side said at the meeting that on February 3 some members of the right-wing resistance movement operating in Laos clashed with Lao government soldiers, and three of them were killed.

Found on their bodies were identification cards issued by the Tham Krabok drug treatment centre. Other members of the resistance group fled to Thailand, the Laotian delegation said.

It was not known to the source where the incident took place.

The Thai side said the ID cards were not issued by Thai authorities but by a non-governmental organisation and reaffirmed that it is Thailand's policy not to support any groups that cause trouble in Laos, but instead to get rid of them.

The Laotian side proposed that Thailand move the base of Border Police Patrol unit No 314 from the Thai-Laotian border at Ban Sawang in Uttaradit Province for 100-200 metres, because the border in that area is still poorly defined.

Lt-Gen Phairot said the proposal will be forwarded to Supreme Commander Watthanachai Wutthisiri, chairman of the Thai-Laotian Border Committee, for consideration.

Brig Gen Douangchai said sincerity is the key to successful cooperation between the two countries.

Iran's Foreign Minister on Official Visit

Discusses ASEAN-ECO Ties

*LD3003121795 Tehran IRIB Television First Program
Network in Persian 0930 GMT 30 Mar 95*

[FBIS Translated Text] On the second leg of his tour of four Asian countries, our country's foreign minister, Mr. Velayati, today met and conferred with the Foreign Minister of Thailand. We draw your attention to a telephone report dispatched by our correspondent few moments ago. [Video shows still of Velayati]

[Unidentified correspondent] In the course of this meeting, the two countries' foreign ministers discussed suitable grounds for cooperation and described as highly significant the prospect of cooperation between the Economic Cooperation Organization, ECO, and the Association of South-East Asian Nations [ASEAN].

Referring to the deeply rooted historical ties between the two countries, Mr. Velayati said that the ground is highly suitable for the expansion of ties and for further upgrading relations between Iran and Thailand.

In view of the potential and the existing capacities, Mr. Velayati stressed the need to increase the level of transactions between the two countries. He added: The establishment of a trade balance between the two countries

would be highly effective in improving commercial ties between Tehran and Bangkok.

For his part, the Thai foreign minister said: We believe the grounds are very suitable for the expansion of friendly ties between the two countries in various political, economic, and commercial fields.

Referring to the fourth session of the two countries' joint commission, to be held simultaneously with a session of the Iranian and Thai Chambers of Commerce in Bangkok this year, he asked for greater activity by the private sectors to increase transactions and to expand economic ties.

The Thai foreign minister also described the ASEAN plans and projects and added that his country welcomes cooperation between this organization and the ECO. He concluded that in this connection the role played by Iran, as an important country of the region and as one of the original founders of the ECO, will be significant.

Views Talks With Counterpart

LD3003172295 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 1630 GMT 30 Mar 95

[FBIS Translated Text] Our country's foreign minister, Mr. Velayati, continuing his tour of three Asian states of China, Thailand, and Vietnam, held his first round of talks with the Thai prime minister and foreign minister and reviewed the state of economic and commercial cooperation between Tehran and Bangkok.

Mr. Velayati, in a telephone conversation with our correspondent, described the geographical position of Thailand in southeast Asia and its role in the expansion of economic and commercial cooperation between ECO [Economic Cooperation Organization] and ASEAN and said:

[Begin Velayati recording] In our talks with Thai officials—the esteemed prime minister and foreign minister—regional and international relations were discussed at length yesterday and today. Bearing in mind Thailand's key role in southeast Asia and the ASEAN treaty, and the Islamic Republic of Iran's key role in ECO, the Persian Gulf and the Middle East, the two countries consider their regional cooperation to be of great importance.

In bilateral talks the expansion of economic, commercial, industrial, and scientific cooperation were discussed. Soon, at the end of Ordibehesht [month commencing 21 April], the two countries will convene their fourth joint committee which will offer a framework for bilateral economic cooperation.

Thailand seeks to gain access to Central Asia and Caucasus through the Islamic Republic of Iran. That point was explicitly made by the Thai prime minister today. He said: Iran is of great importance to us and is like a gateway for that region—just as Thailand is a gateway for the Islamic Republic of Iran for cooperation with southeast Asian countries. [end recording]

To Broaden Thai-Iranian Ties

LD3003171795 Tehran IRNA in English 1657 GMT 30 Mar 95

[FBIS Transcribed Text] Tehran, March 30, IRNA—Foreign Minister of Iran 'Ali Akbar Velayati and his Thai counterpart Krasae Chanawong in Bangkok Thursday agreed that Iran and Thailand would broaden their mutual relations in political, economic, industrial and cultural areas. They also agreed on the role of the Economic Cooperation Organization (ECO) and ASEAN, and said cooperation between the two international organizations would be to the benefit of their member countries.

The foreign minister of Thailand said the fourth session of the joint economic commission of the two countries that is scheduled in Bangkok this April would help to mobilize the private sector in both countries. He said his administration would welcome cooperation between ECO [Economic Cooperation Organization] and ASEAN, and added that his government attached special importance to the Islamic Republic of Iran as a principal member of ECO.

The foreign ministers of Iran and Thailand agreed that the two countries should adopt measures for striking a balance in their trade exchanges.

Vietnam

PetroVietnam on Spratlys, Paracels Sovereignty

BK3003152595 Hanoi VNA in English 1500 GMT 30 Mar 95

[FBIS Transcribed Text] Hanoi VNA March 30—Vietnam Oil and Gas Corporation (PetroVietnam) today reiterated that Vietnam has enough historical evidence and legal documents to affirm its sovereignty over Hoang Sa (Paracel) Truong Sa (Spratly) Archipelagoes.

Reacting to quotation on March 24 of Vice Director of the Chinese Offshore Oil Corporation Chen Bingqian by OFFSHORE PETRO newspaper of China as saying that his corporation will tell all oil companies which are working with Vietnam "not to involve in the Sino-Vietnamese territory dispute" and that Spratly has been belonging to China's territories, PetroVietnam declares that Vietnam has by itself or by cooperating with foreign companies executed exploration and exploitation of natural resources in its continental shelf. Vietnam will continue exercising its indisputable sovereign rights in its exclusive economic zone and continental shelf in conformity with international laws no country is allowed to prevent these activities.

VietnamPetro [as received] reaffirmed that the Tu Chinh area, called Wananbei by China, is completely lying within the continental shelf of Vietnam as defined by the 1982 UN Convention on International Law on the Sea. The Vietnamese Government and PetroVietnam

have again and again declared that the contract on oil and gas exploitation signed between Crestone (USA) and the China Offshore Oil Corporation seriously violates Vietnam's sovereignty, and that it is completely illegal and null and void.

"If the Vietnamese Government does not agree, not any country or company is allowed to explore and exploit natural resources in the continental shelf and exclusive economic zone of Vietnam. Crestone must be fully responsible for the consequences caused by its activities," PetroVietnam stresses.

Phan Van Khai Delivers National Assembly Report

Part 1

BK3003023495 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Mar 95

["First part" of a government report on "Some Major Issues Concerning the Implementation of the 1995 Tasks Based on the National Assembly's Resolution" delivered by Deputy Prime Minister Phan Van Khai at the Ninth National Assembly's Seventh Session in Hanoi on 28 March—recorded]

[FBIS Translated Text] PART ONE

Some general features of the socioeconomic situation based on statistics compiled in 1994 and on developments during the first months of 1995.

1. The situation in 1994 based on statistics compiled in the whole year.

The government's report to the National Assembly session in October last year appraised the implementation of the 1994 socioeconomic tasks based on the results attained during the first nine months of the year and an estimate for the whole year. Now we can appraise the actual results of various key targets for the whole year compared with the estimate made in the October 1994 report.

Economic growth in 1994 has been increased compared with that of 1993. GDP increased by 8.8 percent, while the October 1994 report estimated it at 8.5 percent. The gross agricultural production output increased by 4 percent, exactly as estimated. The gross industrial production output increased by 13.5 percent against an estimated 13 percent. The volume of food grains reached 26 million tonnes against an estimate of 25.8 million tonnes. The export value was \$3.6 billion, as estimated. The import index was \$5 billion against an estimated \$4.5 billion, excluding the value of equipment and materials imported for direct foreign investment projects. The total volume of capital for investment and development for 1994 might reach 48 trillion dong, while the October report estimated this at 43 trillion. The capital for construction investment projects using the state budget was 6.833 trillion dong against an estimated figure of 6.500 trillion.

Concerning direct foreign investments, the October report estimated that 362 projects would be licensed in 1994 with a total registered capital of \$4,074 million, including capital for new projects, supplementary capital for old projects, and capital for projects whose licenses were revoked. The volume of investment capital already put in use in the year was \$1.5 billion. The state budget deficit was 6.3 percent, which was estimated in the October 1994 report at 10.8 percent. Total expenditures were close to the estimate.

The value of goods and services up to September 1994 as mentioned in the report to the National Assembly last October increased by 9.9 percent compared with that in 1993, while the estimate for the whole year was more than 10 percent. The actual increased figure we have for the whole year, however, is 14.4 percent. As a result, the figures for the whole year are only slightly different to the estimated figures made in the October 1994 report; thus, the plans presented to the National Assembly will not be affected. This has manifested our capability in appraising and predicting the situation, thereby enabling us to hold an early National Assembly session in April to discuss tasks for the ensuing year.

2. Concerning the socioeconomic situation in the first months of 1995.

Production continued to increase remarkably compared with the corresponding period last year. The pace of planting rice, corn, vegetables, beans, short-term industrial and winter-spring crops has developed satisfactorily. The Mekong River delta has harvested almost 30 percent of its early rice crop, attaining a higher productivity than the previous year. During the first two months of this year, industrial production output increased by 13.8 percent compared with the corresponding period last year. The volume of electricity, coal, rolled steel, cement, paper, and fabrics has increased at a relatively higher rate than the average rate. The export value increased by 44 percent, while the import value increased by 10.6 percent.

From the beginning of the year until 15 March this year, we licensed 62 direct foreign investment projects with a total registered capital of \$1.301 billion. If we add the supplementary capital of previous projects and deduct the capital of projects whose licenses were revoked, total foreign investment capital for the first quarter of the year could reach \$2 billion, or about half that of the previous year. Investment capital to be realized in the first quarter could reach \$420 million. Domestic capital provided by the budget in the last two months, however, only reached 10 percent of the annual target. The budget allocation has been inappropriate and insufficient to cover expenditures incurred by projects started in the previous year.

The state budget revenue in the first two months of the year increased by 36 percent compared with the same period last year, but only equalled 9.6 percent of the annual target and 86.8 percent of the expenditures made in the same months. The consumer goods and services

price index increased by 3.8 percent in January, 3.4 percent in February, and it is estimated at 0.2 percent in March, thus bringing the price index increase of the first quarter to 7.5 percent compared with the same period in 1994. Gold and the U.S. dollar have made negligible increases of under 0.5 percent in the last two months.

During the Tet festival, the government envisaged a strong demand for consumer goods and the difficulties of suppliers, and has launched a number of market-regulating measures such as coordinating the flow of rice, including good quality types of rice, preventing rice exports and illegal trading of rice and pork, exempting tax for retail merchants, and simplifying procedures for wholesale foodstuff and transportation of food to cities. Thanks to these measures, we have been able to check the price rise and have even brought food prices down in the days preceding the Tet festival. This, together with the success of the firecracker ban and of the stable social order and safety maintenance, has made an important contribution to the joyous celebration of our traditional holiday of Tet and the 65th birthday of the party.

The implementation, with profound affection, of the decree to honor Vietnam's heroic mothers has enriched our popular recognition, described by the proverb: Be grateful to the source when drinking water, and has contributed to the significance of the At Hoi [Year of the Pig] New Year. Generally speaking, the socioeconomic, cultural, and national security situations, foreign relations, and the activities of all sectors and localities have been developing smoothly in the first months of the year. There have emerged, however, some issues of concern as follows:

- a. A slow influx of budget revenue has been a hindrance to the financial requirements of projects that need to be completed in 1995, especially capital construction projects.
- b. The price rise index is higher than in the same period last year.
- c. Social order and safety have shown complicated signs. Corruption and smuggling still pose serious problems. The number of law breaking offenses is increasing, with many felonies and traffic accidents on the rise—nearly 2,000 cases in the first two months of the year alone, causing 741 deaths, over 2,000 injuries, and serious losses in property.

The resolution on 1995 tasks passed by the National Assembly in the October 1994 session has created better conditions in terms of time for the government to carry out the planning for 1995, the allocation of targets, and discussion with leaders of sectors and localities. The implementation of the resolution is being carried out actively on all domains in accordance with the resolution's lines and measures.

The socioeconomic situation has produced a number of issues with important significance that require further

analysis and effective direction to ensure proper fulfillment of the 1995 tasks and targets determined by the resolution of the National Assembly.

Part 2

BK3003022695 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 28 Mar 95

["Second part" of a government report on "Some Major Issues Concerning the Implementation of the 1995 Tasks Based on the National Assembly's Resolution" delivered by Deputy Prime Minister Phan Van Khai at the Ninth National Assembly's Seventh Session in Hanoi on 28 March—recorded]

[FBIS Translated Text] PART TWO

In 1994, exports attained the target of \$3.6 billion given in a report that was presented before the National Assembly in the previous session. In the first two months of this year, exports were up by 44 percent over the same period last year with crude oil increasing by 17 percent; anthracite, 50 percent; rice, 20 percent; rubber, 34.5 percent; cashew nuts, 250 percent; marine products, 27 percent; garments, over 300 percent, and so forth. The total import value in 1994 was \$5 billion, higher than the target already given in a report presented before the National Assembly. Of the \$5 billion, \$758 million were spent for equipment and materials under foreign invested projects. The import structure was broken down as follows:

- 87.5 percent was for equipment and materials needed for production, including raw materials for consumer goods.
- 12.5 percent was for direct [as heard] consumer goods.

Although spending for the importation of consumer goods was not higher than last year and accounted for only a small percentage of what was imported under large-scale plans, the illicit importation of goods, particularly consumer goods, has yet to be averted, thus affecting local production while creating a surplus of consumer goods that is unsuitable for a poor country.

While embarking on industrialization, we must uphold and cultivate an attitude of thrift in spending and economizing on the use of foreign currency to build our material bases and increase production.

This year the government has promptly come up with a policy and measures to regulate exports and imports, with stipulations for the import of certain items of goods. The distribution of categories has been improved, with priorities given to certain key units and to certain kinds of goods. Meanwhile, we have also prepared conditions for applying a bidding system. As for procedures, the granting of permits for per-trip exports has been discarded. However, customs procedures must continue to be improved. The monitoring and regulating of exports and imports to balance supply and demand, goods and

money, and particularly the supply and demand of certain important goods must be strictly organized so as to avoid any market syndromes caused by commodity shortages or surpluses.

It is necessary to resolutely stamp out smuggling, especially among state organizations or state enterprises that are directly involved in smuggling or giving a helping hand to smugglers. Last year, when our two rice-bowl regions were hard hit by natural calamities and by crop failure, the government ordered a temporary suspension of rice exports in large-scale export plans, and banned small-time rice exports. However, out of their desire for profits, a number of enterprises sought ways to illegally export rice across the border at the expense of the national interest, thus causing the price of grain to rise in northern provinces. From now on, all cases of intentional misinterpretation of the law and government orders will face stern legal action. When a smuggling case is discovered, the contraband goods involved will be confiscated and administrative and criminal liabilities will be investigated.

As for the balance of foreign trade, in 1994 we suffered a great trade deficit, up to \$1.4 billion. However, if we look at this, we will find that more than half of the quantities of equipment and materials we imported was made possible with foreign invested capital. General speaking, in the balance of international payments—covering investment capital brought in by foreign countries—we were able to use the balance between revenue and expenditure in the areas of tourism and services, foreign exchange, the granting of loans, and debt servicing to offset our trade deficit and to achieve some increase for our foreign reserves.

This year direct foreign-invested capital and foreign currencies brought into our country will increase. The import value is likely to exceed the \$5.5 billion mark as planned in a report previously presented before the National Assembly.

In the early stage of industrialization, it is hard to avoid a trade deficit. But what is important is that the import structure must serve the efforts to build material bases, develop production, step up exports, and ensure a wholesome source of capital with which to offset our trade deficit. Therefore, the need to closely monitor and control the import structure and the balance of international payments constitutes an important requirement for the government's operational guidance.

An important matter having a direct impact on exports and imports is exchange rates, especially the exchange rate between the Vietnamese dong and the U.S. dollar. Since 1992, the exchange rate has shown a slower increase compared with the country's inflation rate. As the buying power for the U.S. dollar is at an ebb, the Vietnamese dong has, in practice, gained in value against the U.S. dollar. This is not good for the promotion of exports and for the rationing of imports.

We have applied a system of exchange rates based on the supply and demand of foreign currencies. Lately, the supply of foreign currencies from various sources has increased and will continue to be so next year. The government has directed banks to purchase foreign currencies to restrict the rise in the value of the Vietnamese dong against the U.S. dollar by gradually reducing the exchange rate without creating any unexpected upheavals harmful to efforts to contain inflation. Meanwhile, the government has also broadened its efforts to find more markets to spur exports.

Changes in exchange rates must be made in line with the policy and measures that are designed to effectively circulate the amount of foreign currencies purchased by banks, increase foreign reserves, restrict the use of foreign currencies as a means of credit payment in Vietnam, increase the convertibility of the Vietnamese dong, and closely monitor changes in exchange rates in the world market. The government is aware that this is a very sensitive issue. It is all the more complicated when our ability to control inflation is not firm enough. Therefore, we must deal with this issue carefully and gradually.

Part 3

BK3003114195 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 29 Mar 95

["Part Three" of a government report on "Some Major Issues Concerning the Implementation of the 1995 Tasks Based on the National Assembly's Resolution" delivered by Deputy Prime Minister Phan Van Khai at the Ninth National Assembly's Seventh Session in Hanoi on 28 March—recorded]

[FBIS Translated Text] PART THREE

In the context of the administration reform program, I would like to clarify some issues on which many National Assembly delegates have shown concern.

Regarding administrative procedural reform, in May 1994 the government issued a resolution on the first stage of administrative procedure reform. It has directly administered the reforms in the seven most important fields: Capital construction investment with state funds, direct foreign investment, land rental and construction permits in municipalities, import-export, entry-exit permits, establishment and registration of enterprises, and handling people's complaints and denunciations.

So far all procedures relating to the above areas have been reviewed, a number of steps have been reduced, unnecessary procedures have been scrapped, and new regulations have been put into place. New regulations on foreign investment procedures have been launched by the State Commission for Cooperation and Investment together with guidelines on the relevant procedures from the Ministries of Finance, Construction, and Trade, and have been widely welcomed by foreign investors. New regulations on the management of construction projects have also been

promulgated, and procedures to apply for home construction and repair permits have been simplified.

The prime minister also launched new stipulations on entry-exit procedures that scrapped unnecessary forms and certifications and eliminated steps in the consideration process that overlapped each other or were carried out by ineligible agencies, thus curtailing the processing time. Baggage declaration and examination procedures at airports are now more convenient than before; the issuance of one-time export permits has been banned; the assessment of applications for the establishment of enterprises and the issuance of business registration permits are now the responsibility of a single agency; and the ordinance on fees is being finalized prior to submission to the National Assembly Standing Committee.

In the period to come, the government and ministries will continue to issue new regulations on procedures that are currently under consideration for change. The changes will be announced widely to ensure widespread knowledge and compliance. Supervision over the implementation of the new regulations by agencies handling people's petitions will continue together with surveys on people's opinions and suggestions for the further improvement of procedures.

Reality shows that changing procedures is not a simple matter, but ensuring the implementation of new regulations replacing procedures that caused annoyance and inconvenience is much harder. This year we need to have a public service policy and need to speed up the establishment of an administrative court that will serve as the legal foundation for our work and in the investigation of people's complaints against state agencies.

Regarding the fight against corruption and wasteful spending, there is a new factor in the implementation of the National Assembly's resolution in this area. This is the inclusion of measures against corruption and wasteful spending in the administration reform program. This will make them part of other tasks such as administration procedural reform, the overhaul of the system, the establishment and public service policy, public employee awards, administrative courts, and so forth. This policy will allow the struggle against corruption and wasteful spending to become in-depth, and preventive measures will tackle these vices from the lowest levels. The government has policies and concrete measures to carry out the struggle with greater efficiency, with a provision for the recovery of state property from offenders who are liable for losses, even if they are victims of deception.

Leading cadres and state employees who are directly involved in serious wrongdoing or who fail to prevent incidents involving smuggling or serious waste or loss of state property due to poor management must be subjected to immediate removal, demotion, or dismissal pending other punitive measures. The government has also suggested that party organizations and mass societies at the central level adopt appropriate punitive

measures against collectives and individuals directly in charge of party organizations and mass societies where incidents involving smuggling or serious waste of public funds occur. The government's guiding principle is that we must make resolute and persistent efforts to carry out the struggle against negativism bearing in mind the need for more action and less talk, not the other way around.

It is necessary to concentrate efforts on resolving a number of burning issues related to social order and discipline.

Social order and discipline have been relaxed for a long time. The mechanism of social management through administrative orders is no longer suitable, but the mechanism of social management through the legal system is still in the process of taking shape. Therefore, there is a lack of uniform measures and loopholes still abound. The ideological indoctrination designed to develop a sense of self-imposed respect for the law in society remains weak and inappropriate and there is a lack of due concern. Therefore, the restoration of social order and discipline and the formation of a lifestyle and work methods based on respect for the law require persistent and sustained efforts.

The successful implementation of the firecracker ban proves that to achieve success, we must try to resolve once and for all those burning issues that the people expect us to deal with by means of a uniform policy, resolute and thorough guidance, a well-defined system of distributing tasks, strict discipline, and community support combined with the aggregate strength of sectors and mass societies at all levels as well as with the participation of people from all walks of life. This practice is not foreign to the traditional leadership patterns and guiding principles of our party and state. Reality has proved that if we have the correct policies and methods, we are fully capable of stirring up public awareness of the need to respect laws and stem the lack of discipline.

This practical lesson has been used to deal with incidents involving illegal home construction along some important segments of the Hanoi dike system, which constitutes a serious violation of the dike and dam protection regulations. The significance of this move rests not only with the necessity of safeguarding Hanoi from the danger of flash floods; in the broader sense it proves the efficiency of the authorities in enforcing state laws not only in Hanoi but in other localities as well. The prime minister's decision to deal with the situation was based on reasonable and sensible measures. Therefore, it has gained the support of the vast majority of people. The government is determined to work with the party organization, administrative organs, and people of Hanoi to resolve this issue satisfactorily, thus transforming a wrongdoing in the capital into a good example for the entire country to follow.

Positive measures are also being enacted by the government to restore traffic order and safety, with initial efforts being made in big cities to reduce the number of

traffic accidents quickly and overcome traffic congestion in a number of big cities and roadways, thus further enhancing public awareness of social order and discipline maintenance. We must make adequate preparations for this task in terms of legal measures, material resources, manpower, propaganda activities to promote public awareness, and concentrated and persistent efforts to create a new sense of traffic order and safety, first of all in cities.

The Political Bureau has instructed party committee echelons and party organizations to guide and oversee the implementation of the party Central Committee's eighth plenum resolution on reforming state administrative procedures a step further in close coordination with efforts to revamp the party and renovate the leadership patterns of party committee echelons and party organizations.

The administrative reform program responds to the aspirations of the people and serves their interests. Therefore, the Fatherland Front, mass societies, social and occupational organizations, and the mass media have a very important role in reflecting the people's aspirations and mobilizing their wisdom. Let them join hands with administrative mechanisms in encouraging the people to use different forms of activities to respond to the reform program and supervise the activities of administrative organs and civil servants. The aggregate strength of the whole political system constitutes the decisive factor of success of the administrative reform program.

Other areas of activity have already been dealt with in the National Assembly's resolution on the 1995 tasks and incorporated in the government's work schedule. The government is guiding the implementation of a number of major tasks such as socioeconomic and cultural development in mountain regions and the struggle for thrift and against wasteful spending, corruption, smuggling, social vices, and so forth. Preliminary evaluation reports have been made and lessons have been drawn to amend policies and adopt more drastic measures for implementation.

Part 4

BK3003130595 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 29 Mar 95

[Fourth and "last part" of a government report on "Some Major Issues Concerning the Implementation of the 1995 Tasks Based on the National Assembly's Resolution" delivered by Deputy Prime Minister Phan Van Khai at the Ninth National Assembly's Seventh Session in Hanoi on 28 March—recorded]

[FBIS Translated Text] PART FOUR

Since the last National Assembly session, our diplomatic activities have been carried out continuously and actively with more attention to the central points, thus producing many important results.

The strengthening of relations with regional countries remains a priority. Vietnam-Laos relations have been improving with each passing day through regular meetings and contacts among high-ranking leaders of the two countries and through the meeting of the Intergovernmental Committee on Economic, Cultural, and Science and Technology Cooperation, which resulted in the signing of an agreement on strategic cooperation between the two countries from now until the year 2000.

The Vietnam visit by Cambodian First Prime Minister Ranariddh has contributed to improving mutual understanding. His visit resulted in the signing of some important agreements for the acceleration of cooperation in many fields, thus creating conditions for the settlement of issues relating to Vietnamese nationals in Cambodia, the land border, and the use of the Mekong River.

Vietnam and Thailand are holding negotiations on the delineation of the overlapping continental shelf. The two countries have reached some agreements on measures to restore sea order and define fishing rights in the Gulf of Thailand.

After many rounds of negotiations, we reached a consensus with Thailand, Laos, and Cambodia on cooperation for the longterm development of the Mekong River basin. An agreement on this issue will be signed in April.

The official visit to Vietnam by Myanmar's [Burma's] prime minister and the first meeting of the Vietnam-Myanmar Joint Committee marked a new step in developing cooperation and friendship between the two countries.

Our foreign minister's visits to the Philippines, Australia, and Singapore; the defense minister's trips to Myanmar, Thailand, and Singapore; and the working visit to Vietnam by high-ranking ASEAN officials have strengthened bilateral relations and helped prepare our country to join ASEAN as an official member.

Following the official visit to Vietnam by President Jiang Zemin, SRV-PRC relations have continued to improve with more visits by local authorities, mass organizations, and party and state delegations to exchange views and accelerate cooperation. Together with various activities to mark the 45th anniversary of diplomatic ties between the two countries, Vietnam and China have held a fourth round of talks at the specialist level on the land border and they are holding a fourth round of talks on the delineation of the Gulf of Tonkin so as to solve the remaining problems.

Regarding disputes in the Eastern Sea [South China Sea], it is always our policy to settle them through peaceful negotiations on the basis of respecting the status quo, having all sides refrain from further complicating the situation, not using violence or threatening to use force, and respecting the sovereignty and jurisdiction of countries in the Eastern Sea rim according to the 1982 UN Convention on the Law of the Sea.

Relations with Japan and the ROK continue to develop satisfactorily. Active preparations have been made for the first official visit by General Secretary Do Muoi to these two countries. We sent a ministerial delegation to attend the conference on Indochina development hosted by the Japanese Government. We are also looking for measures to ensure the proper use of Japanese loans and aid as the value of yen increases and Japan raises its loan interest rates.

Comprehensive and cooperation relations with India have been accelerated and heightened on the basis of renewed structures set up by the Vietnam-India Working Group.

Remaining loyal to the tradition of Vietnam-Cuba friendship and cooperation, we are very sympathetic to the Cuban people's current difficulties. We are ready to exchange experiences and do our best to support Cuba. Our public movement to help Cuba has met with enthusiasm and unexpected results among our people.

After we signed the agreement on handing over diplomatic property and the agreement on settling property complaints with the United States, the two sides officially opened liaison offices in each other's capitals, thus creating the conditions to accelerate the normalization process toward full relations between the two countries. Our goodwill in solving the issue of Americans missing in action during the war has been widely recognized and appreciated not only by the world community and the American people, but also among an important segment of American politicians. Nonetheless, certain forces that lack goodwill continue to erect obstacles to the normalization of relations between the two countries.

Cooperative relations between Vietnam and the European Union, and some European countries in particular, have been strengthened through visits by our National Assembly chairman, deputy prime ministers, and ministers; the Vietnam visit by the Austrian president, Luxembourg prince, and high-level delegations and ministers from various countries; and the signing of many bilateral agreements.

The visit by our National Assembly vice chairman to some Middle East countries and our foreign minister to some countries in southern Africa marked a new step in the broadening and strengthening of our relations with countries in these regions.

We sent many delegations to participate actively in international conferences and forums. We also strengthened our practical working relations with UN organizations and other international organizations. + Besides diplomatic activities conducted by state organs, our mass organizations and nongovernmental organizations have broadened their friendship, cooperation, and cultural and sports exchanges with their foreign counterparts, thus contributing to strengthening mutual understanding and unity between our people and other people in the world. Through these activities, our relations with

many countries have continuously grown wider and deeper, thus consolidating and strengthening existing relations and opening new relations in many fields with different partners.

Political and diplomatic relations—which are related to economic, cultural, science and technology, national defense, and security cooperation—have created an atmosphere of peace and favorable international conditions for our national construction and protection. In particular, these relations have helped broaden our international markets and improve our capital investment and technology for economic development.

The prominent features in the recent period are: The entering of a new stage of relations with the Southeast Asian countries, manifested by our active preparations to join ASEAN; the important breakthrough in relations with the United States; and the continued consolidation and broadening of relations with major political and economic centers and with all countries in the world. The open door foreign policy, the positive and energetic diplomatic activity, and the achievements made in our national renovation have clearly improved our country's position in the world. Vietnam is noticeably displaying its active role in the cause for peace, independence, cooperation, and development in the region and the world.

Our diplomatic relations are not all smooth, however. Land border and water territory disputes are factors that may become complicated. This requires us to be attentive and patient in solving disputes through negotiations to ensure regional stability. The issue of Vietnamese nationals abroad, including issues relating to illegal migrants, has been settled on the basis of agreements with the countries involved, reasonable and caring principles, and assistance from international organizations.

We must still deal with many practical and complicated issues. Despite the fact that Vietnam is ready to be friends with all countries, foreign forces that lack goodwill toward us do not want Vietnam to be stable and developed. They are looking for excuses to intervene in our country's internal affairs. Our joining of ASEAN also brings up many issues that must be dealt with in our integration process to develop new advantages and overcome our economic weak points in international cooperation and competition.

Despite definite progress, our diplomatic work requires more effort in the new situation. The organization, cadres, and activities of foreign affairs organs inside and outside the country are not in step with the rapid broadening of cooperative fields and subjects with the outside. We are happy with the achievements made in the field of foreign affairs, but we need to understand the complicated issues we must solve and the shortcomings we must overcome in the coming period.

National Assembly Issues Communiqué No. 2

BK3003185595 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 30 Mar 95

["Communiqué No. 2" issued by the Office of the National Assembly in Hanoi on 30 March]

[FBIS Translated Text] Today, 30 March, the National Assembly held a plenary session at the conference hall in Hanoi under the direction of National Assembly Vice Chairman Nguyen Ha Phan to debate the draft Law on State Enterprises. A total of 26 deputies presented their views. They are Nguyen Viet Hue from Quang Ninh Province, Do Hoang Hai and Tran Du Lich from Ho Chi Minh City, Nguyen Duong Hoang from Nghe An, Le Viet Duoc from Thanh Hoa, Nguyen Thu Ha from Thai Binh, Duong Viet Trung from Can Tho, Le Dinh Thanh from Vinh Phu, Duong Khanh Lam from Bac Thai, Dinh Van Thung and Le Duc Binh from Ninh Binh, Phan Cau from Ha Tay, Nguyen Ngoc Hai from Haiphong, Nguyen Thi Hong Minh from Minh Hai, Nguyen Thanh Cao from Kon Tum, Nguyen Van Tu and Dinh Quoc Thai from Dong Nai, Vu Dinh Cu from Hanoi, Nguyen Thanh Phong from Dong Thap, Nguyen Viet Dung from Ha Bac, Ngo Van Dung from Quang Nam-Danang, Tran Hoa from Quang Binh, Nguyen Nhu Cuc from Hoa Binh, Phan Minh Thanh from Tien Giang, Nguyen Duc Thang from Kien Giang, and Tran Quoc Than from Ha Tinh.

The viewpoints presented by these deputies focused on such issues as defining the scope and items to be revised in the Law on State Enterprises; the duty and authority of state enterprises; efforts to expand autonomy to create a driving force for developing state enterprises; the function, duty, and organization of the management mechanism for regulating state enterprises; the representative organ for the ownership of state enterprises; agencies handling state capital; the management and ownership of state enterprises; the party leadership role at state enterprises; and enterprises belonging to political and social organizations.

Tomorrow, 31 March, the National Assembly will continue discussion of the draft Law on State Enterprises at the conference hall.

Finance Minister on Administrative Reforms

BK3003193395 Hanoi VNA in English 1409 GMT 30 Mar 95

["Minister of Finance on Administrative Reform in Financial Branch"—VNA headline]

[FBIS Transcribed Text] Hanoi VNA March 30—In a recent interview to NHAN DAN correspondent, Minister Ho Te said that the financial branch sees the

administrative reform in finance as one of the most urgent and important tasks in 1995 and the coming years.

The branch has set a target in the immediate future to concentrate on administrative reform of a number of crucial points in the financial field, including construction procedures plan assignment and budget execution, reforming the management of taxation, renovating enterprises' accounting and auditing system, Mr. Ho Te said.

He continued:

"Over the past time, the financial branch has implemented a fundamental step in administrative reform of its activities in three fields: First, reforming financial institutions in financial management through supplement, amendment and completion of the system of legal documentation, and amendment of financial procedures on financial management second, fundamentally reforming financial management organization and apparatus third, retraining and step by step building a contingent of financial management personnel qualified for the current financial management renovation."

However, he said, there still remains dissatisfaction on financial activities, especially on budget distribution and investment capital allocation. The financial branch determines that this is the key field that needs to be improved in 1995. The implementation of administrative reform in financial planning, budget distribution, and investment capital allocation should be put in the organic relations with national finance reform. According to [words indistinct] norms of budget income and expenditure.

Besides completing a reasonable budget capital distribution mechanism, the Ministry of Finance is accelerating research for a system of policies and procedures of tax collection, payment and exemption, following [words indistinct] calculation and tax payment, avoiding (?overlapping) taxation, he said, adding that the ministry is implementing on a trial basis the tax of (?add value) applicable to a number of big enterprises [words indistinct] new accounting (?system) in enterprises, and plans to apply in the whole country as from July 1995.

In order to have an unified collection of fee from the central to localities, the Ministry of Finance is to submit the government and the Standing Committee of the National Assembly the decree on fees. In the short-term, pending the promulgation of the decree, the government should make public the list of fees that branches and localities are allowed to collect.

Circular Issued on Export-Import Tax Exemptions

BK3003162295 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 28 Mar 95

[FBIS Translated Text] The Ministry of Finance recently issued Circular No.20, providing guidance for the consideration of export-import tax exemptions for various forms of investment that are in line with the law on foreign investment in Vietnam.

Entitled to be considered for export-import tax exemptions are enterprises with foreign-invested capital—

including the business partners of both sides—on the basis of business cooperation under petroleum product-sharing contracts set up in accordance with the law on foreign investment in Vietnam.

Goods and equipment that are imported to serve oil- and gas-related activities under various oil and gas exploration contracts will also be entitled to export-import tax exemptions.

Australia

NSW Premier Concedes Defeat in State Election

*BK3003152895 Melbourne Radio Australia in English
0500 GMT 30 Mar 95*

[FBIS Transcribed Text] New South Wales [NSW] Premier John Faye has formally conceded defeat to opposition Labor leader Bob Carr in state's election held last weekend. In a short statement at his office in Sydney, Mr. Faye said the coalition recorded a majority of the two-party preferred vote in the poll, but he regrets that didn't give him enough seats to form a government.

[Begin Faye recording] I have this morning spoken to Mr. Carr. I have congratulated him and put in place the processes to ensure a smooth transition for...in the interests of the people of New South Wales. [end recording]

Mr. Faye says there will be challenges to the results in several seats, and in the meantime, he said he'd train the machinery for an orderly transition of power to the Labor Party. Mr. Faye also revealed he'll be stepping down as Liberal leader.

[Begin Faye recording] I will, after the declaration of the poll, call a meeting of the Liberal Party, and I do not anticipate standing as the leader of the Liberal Party when that meeting takes place. I thank you, and I think you understand that now it's not a time for questions, there will be another time I am sure for questions; but I think you understand, today is not the day. Thank you very much. [applause] [end recording]

New Zealand

Premier's U.S. Visit Shows Ties 'Back on Track'

*LD2803100295 Wellington Radio New Zealand
International in English 0800 GMT 28 Mar 95*

[FBIS Transcribed Text] There was an unexpected bonus for [Prime Minister] Jim Bolger during his White House meeting with President Clinton today.

Our political editor says Mr. Bolger has been buoyed by the unexpectedly strong presence of key figures at the meeting. Besides Mr. Clinton, his vice president, Al Gore, and senior administration officials also attended. That's being taken as a strong signal that the U.S.-New Zealand relationship is back on track. But the Americans have also made it clear that this country's antinuclear policy still stands in the way of restoring a complete relationship. However, U.S. Defense Secretary William Perry, who has also met with Mr. Bolger, denies the American stance means that pressure is being applied to New Zealand.

Papua New Guinea

Parliament Passes Constitutional Amendments

*LD3003080395 Melbourne Radio Australia in English
0700 GMT 30 Mar 95*

[FBIS Transcribed Text] The Papua New Guinea Parliament has passed by a huge majority its first vote on constitutional amendments to scrap the country's system of provisional [as heard] government. Another two-thirds majority vote will be required in June before the Constitution is formally amended. The vote was 93 to three. But Radio Australia's Port Moresby correspondent Sean Dorney says it came about only after the government of Sir Julius Chan gave in to opposition demands that are certain to further infuriate the existing provincial governments and possibly restart separatist moves. Sir Julius had proposed that the current provincial assemblies remain in place and that all provincial members be incorporated into the new system until the 1997 national elections, which would usher in the new system in its entirety. However, the opposition agreed to support the vote only if there was an additional amendment throwing out all provincial assembly members 90 days after the constitutional amendment is approved in June.

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